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As a part of a larger project under grant from the Ford Foundation to evaluate federal manpower policies and programs, this evaluation of the training efforts under Title II of the Manpower Development and Training Act (MDTA) made use of data provided by the Departments of Labor and Health, Education, and Welfare. By the end of fiscal 1967, 1.2 billion dollars had been obligated for training the unemployed and underemployed under Title II of the Act. As the combined result of original congressional intent and subsequent experience, MDTA induced programs have come to have six potential and identifiable objectives: (1) facilitating employment of the unemployed, (2) reducing poverty, (3) lessening inflationary pressures, (4) meeting labor shortages, (5) upgrading the labor force, and (6) revamping traditional institutions. On the basis of a detailed analysis of both quantifiable and nonquantifiable accomplishments, the extent to which each objective has been achieved is examined and estimates of the overall costs of the program are made before turning to a review of cost-benefit studies for comparison with previous conclusions. The results of the appraisal are clearly favorable. In general, every current component may not pay, but the overall contributions of the program have exceeded its costs by a margin which not only merits support but justifies expansion. (ET)

Contributions and Costs of Manpower Development and Training

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THE INSTITUTE OF LABOR AND
INDUSTRIAL RELATIONS
The University of Michigan
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In Joint Publication with the National Manpower Policy
Task Force

CONTRIBUTIONS AND COSTS OF MANPOWER DEVELOPMENT AND TRAINING Garth L. Mangum

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Wayne State University **Detroit**

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Washington, D.C.

December 1967

PREFACE

This evaluation of the training efforts under Title II of the Manpower Development and Training Act is part of a larger project to evaluate federal manpower policies and programs directed by the author under a grant from the Ford Foundation.

The data for the evaluation were provided by the Department of Labor and the Department of Health, Education, and Welfare in response to a joint request by Senator Joseph S. Clark and Congressman Elmer L. Holland, Chairmen respectively of the Senate Subcommittee on Employment, Manpower and Poverty and the House Select Subcommittee on Labor. The request was made to facilitate preparation of the study of "Manpower Programs in the Antipoverty Effort" since published by the Senate Subcommittee on Employment, Manpower and Poverty, *Examination of the War on Poverty*, Staff and Consultant Reports, Vol. II, 90th Cong., 1st Sess., August 1967. Most of the data used in this evaluation are available in the appendices of that publication.

This paper was made possible by cooperation above and beyond the call of duty by technicians and administrators of the Departments of Labor and Health, Education, and Welfare, and the staffs of the two subcommittees. Particular mention should be made of the contributions of Howard Matthews, Frederick Suffa, Abraham Stahler, Sigmund Berkman, James Moriarty and Ray Kohen. The paper has also profited from the critical comments of agency representatives, as well as those of my colleagues, Sar A. Levitan, Arnold L. Nemore and Lowell M. Glenn.

A more complete historical and analytical treatment of the Manpower Development and Training Act will be available in a few months in *MDTA: Keystone of Federal Manpower Policy*. MDTA will also be reviewed in relationship to other manpower programs in *Manpower Policies of the Sixties: An Evaluation*. Both are scheduled for publication in the summer or fall of 1968.

Responsibility for conclusions is, of course, completely mine.

Garth L. Mangum

Washington, D.C.
December 1967

CONTENTS

Summary 1

Evaluating Social Programs 2

The Objectives of Manpower Development and Training 7

- Reducing Unemployment 8
  - General Levels of Unemployment 8
  - Employing the Unemployed 11
  - Serving the Competitively Disadvantaged 17
  - Employing the Disadvantaged 25
- Contributions to the Antipoverty Effort 32
- Labor Shortages and Inflation 37
  - Manpower Programs and Inflation 38
  - MDT and Labor Shortages 40
  - Upgrading the Labor Force 44
- Reorienting Institutions 44
  - Impact on the Employment Service 45
  - The Impact on Vocational Education 46
  - Impact on Apprenticeship 55

The Costs of MDTA 58

- The MDT Financial System 59
- Cost per Trainee 61
- The Validity of Training Costs 64
- Cost-Benefit Analyses of Manpower Development and Training 66

MDTA Issues 72

Objectives and Priorities 72

Institutional vs. OJT 76

The Relative Federal-State Role in Program Administration 78

The Future of MDT 84

TABLES

1. Estimated Job Vacancies Related to Non-Agricultural Employment and Unemployment 10
2. Stability of Employment of MDT Institutional Trainees, Cumulative Through April 1966 14
3. Distribution of Increased Employment, February 1964-1966—February 1966-July 1967 19
4. Fiscal 1967 Program Goals Compared to Calendar 1966 Enrollments 20
5. Comparison of Year-to-Year Trends in MDT Trainee Characteristics with Characteristics of the Unemployed 21
6. Post Training Labor Force Status of MDT Completers by Trainee Characteristic, 1966 27
7. Nonwhite and Less than High School MDT Enrollment 1966 Compared to Proportion in Population by State, 1960 30
8. Characteristics of 1966 MDT Trainee Family Heads by OASDHI Annual Earnings Status 33
9. Changes in Earnings of MDT Completers from Year Prior to Enrollment to Year after Completion of Training 34
10. Straight-Time Average Hourly Earnings of Employed Completers, Pre- and Post-Training (Cumulative, September 1962-January 1967) 35

11. United States and European Price Level Changes and Unemployment Rates 37

12. Occupational Distribution, Institutional MDTA Courses-Employment Service Unfilled Job Orders 42

13. Estimated MDT Enrollment by Major Occupational Group and Selected Occupations, Cumulative August 1962—September 1966 43

14. Manpower Development and Training Activities, Number of Trainees Approved for Institutional Training Distributed by Type of Training Facility and Type of Project 49

15. Characteristics of Persons Enrolled in Selected Skill Centers Compared to Those of Persons Enrolled in Control Projects in the Same Labor Areas 52

16. Estimated Costs per Enrollment and Completion 62

17. Manpower Development and Training Activities, Estimated Percent Distribution of Duration of Institutional Training Activity 63

18. Project Funding: Approvals as a Percent of Amount Available in Accordance with Apportionment 80

19. Use of Fiscal 1967 Unapportioned Account 83

20. MDTA Funding and Activity 85

SUMMARY

The Manpower Development and Training Act (MDTA) was the second (after the Area Redevelopment Administration) of the long line of work and training programs launched during the 1960's and the first to survive the test of continued public support. The product of bipartisan efforts from the beginning, MDTA has continued a honeymoon with the Congress which has allowed it to change and adapt to the dictates of experience and a changing economic environment. By the end of fiscal 1967, $1.2 billion had been obligated for training the unemployed and underemployed under Title II of the Act. The Secretaries of Labor and Health, Education, and Welfare who are jointly responsible for the program have reported annually to the Congress, and a few cost-benefit studies have been made for samples of MDTA trainees. However, no independent *general* evaluation of the program is available. This appraisal of the training authorized under MDTA, Title II, is designed to fill that gap. The results of the appraisal are clearly favorable. The program has its strengths and its weaknesses. There are many ways in which its contributions can be increased. There are unresolved issues to which the appropriate solutions are by no means clear. Every current component may not pay, but the overall contributions of the program have exceeded its costs by a margin which not only merits support but justifies expansion.

EVALUATING SOCIAL PROGRAMS

The Manpower Development and Training program, like any other public program, is financed from funds extracted from the nation's private citizens and private businesses through taxation and absorbs resources which could be used in other private or public production. In allocating his income among the various consumption and investment alternatives available to him, the individual can make his own subjective judgments of the relative costs and benefits and can pursue, if not obtain, maximum satisfaction from his expenditures. The sum of individual decisions then determines the appropriate allocation of society's resources. No analogous system is available for measuring the relative costs and benefits of alternative choices between the private and public sectors and within the public sector of the economy. Legislators must feel second hand through the ballot the pains and satisfactions of their constituents to determine the level of public expenditures and to choose among programs. The legislator and the administrator share the responsibility in using public funds wisely, but what is the measure of wisdom? As the role of government in the economy broadens and deepens, it becomes crucial for economic efficiency and the social welfare to generate interest in and develop techniques for the evaluation of public programs.

Recognition of this responsibility has led to the introduction of the Planning-Programming-Budgeting System (PPBS) throughout the federal government. The ambition is to delineate objectives, examine alternatives and identify the least-cost methods of achieving those objectives. The intent is admirable, but PPBS is still in its pioneering definitional stages. It is currently focused at the operating level of particular programs with the intent to define goals and assure consistency between goals and actions. Even attainment of these limited purposes is made difficult by the lack of consensus on objectives and the lack of data on program administration. PPBS cannot yet be expected to challenge the accomplishments of programs or to determine the relative effectiveness of those separately administered techniques which pursue a common end.

Simultaneously, academic scholars, both because they recognize that manpower, poverty and other social welfare programs are here to stay and because research funds have been available for the purpose, have begun applying cost-benefit analysis techniques formerly restricted to natural resource development decisions. Cost-benefit analysis, too, has greater potential than current value as an evaluation technique. No federal manpower program currently has a reporting system capable of producing data of the kind and quality needed for evaluation. Even the data available are rarely subjected to analysis. Many of the benefits and some of the costs of social programs are nonquantifiable, leaving broad areas of assessment to assumption and judgment. This not only leads to inconclusiveness and conflicting results; it allows those with vested interests to build preconceived opinion into supposedly objective results.

These are technical problems which do not challenge the conceptual validity of cost-benefit analysis, but they do question current usefulness. For example, to incorporate into the mainstream of society an otherwise alienated individual or group may have social value far beyond the potential contributions to their earnings or to the gross national product. On the other hand, to have benefits in excess of costs is only a necessary, not a sufficient justification for expenditure of public funds, even if it were possible to quantify all intangible benefits. There may be more efficient ways of reaching the same objectives, and these must be examined to assure use of the least costly approach. More basic may be a lack of clear objectives or pursuit of low priority objectives. Costs and benefits cannot be compared until it is clear what can be counted as a benefit. All public expenditures that result in benefits in excess of direct costs are not automatically justified. The opportunity costs must also be considered—the value of the other activities which private taxpayers or other public users might have undertaken with the same resources. Priorities between the private and public sectors and among public uses are established through the political process. Adequate evaluation requires determination that the appropriated resources are being used to pursue the politically defined objectives.

This evaluation of the Manpower Development and Training program faced each of these handicaps. The data reporting and evaluation system for MDT is so far superior to that of any other manpower or antipoverty program that one is more inclined to praise than to complain. Such praise, however, is based on comparison of the inadequate to the abysmal. Each program has been launched in haste with great concern for delivering services and for disseminating funds but with little concern for building organizational capability and for evaluating results. Financial controls vary from loose to careful; but evaluative data are an afterthought, all too often based on public relations rather than decision-making needs. In such company, MDT looks good. It had the advantage of being launched by an agency with long experience in data gathering and analysis. Basic reporting forms were developed as an almost automatic reaction, but little leadership was devoted to defining objectives and assuring the availability of resources for analysis and evaluation of the data.

The result is a reporting system which could provide most of the current and historical information needed for evaluation though it lacks the immediacy required for day-to-day program management. Unfortunately, it cannot offer completeness of reporting or assurance of accuracy. The reporting system has the benefit of neither the staff resources nor the continued top level interest to see that, once buried in the computers, the data emerge, are analyzed and published. MDT data have escaped the fate of some statistics in some programs—that of being deliberately used to confuse. MDT data have suffered from disuse rather than misuse.

The data in this report are the products of outstanding cooperation from officials and technicians of the Departments of Labor and Health, Education, and Welfare in response to a Congressional request. Much data emerged which had been lying fallow, but it all suffered from basic limitations. There had been no check on the accuracy with which forms are filled out at the local and state levels. Information on the characteristics of trainees provided almost complete coverage for years 1965 and before, but some estimating was necessary for 1966. Information on hourly earnings and unemployment immediately prior to enrollment was provided, but the data did not cover a time period sufficient to serve as a dependable base line for comparison with post-training employment and income. Post-training information suffered from serious underreporting with 56 percent coverage available for those trained in vocational education institutions and only 38 percent for those trained on the job. Detailed demographic characteristics were available for only 34 percent of the institutional completers and 16 percent of those who completed on-the-job training. No follow-up beyond the first year was available. Because there appear to be no obvious biases in the underreporting, the data have been accepted at face value. Yet the limitations must be kept in mind. MDT financial data pose particular problems. A system has been carefully constructed to assure that the taxpayer's dollars do not become lost, strayed or stolen, but the system makes it extraordinarily difficult to tie expenditures and costs to enrollments and completions for evaluation of results.

The shortcomings of the data system are apparent. Program administrators are becoming increasingly aware of the dangers of "blind flying" and "seat of the pants" decision making. There is reason to hope that MDT's already considerable lead will be extended into a reporting and analysis system which can become a model for other programs, as well as a boon to future evaluators and a guide to decision makers.

The remaining handicaps to evaluation require less wordy caveats. There is no merit in attempting to quantify the nonquantifiable. One can only identify, describe and exercise his judgment without apology. The examination of alternatives is beyond the scope of this report. Evaluations of other existing programs designed for similar objectives and clientele have failed to identify more effective alternatives.[1] That prevention rather than remediation of present problems would have proven cheaper is likely, but we must start from where we are to attack problems as they exist. The fact that more effective alternatives may be designable is also likely but not currently testable.

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[1] See, for instance, Sar A. Levitan, *Antipoverty Work and Training*

The generally accepted approach to program evaluation is to identify the program's objectives, then assess the degree, the efficiency and costs at which those objectives have been accomplished. The political process within which public programs are developed is not that orderly, however. Objectives are rarely clearly defined. Experience often exposes the unreality of original assumptions. Economic and other conditions are subject to continual and sometimes radical changes. As such changes occur, programs are revised, sometimes explicitly by amendment, but more often by administrative practice. At times, objectives and reality never mesh, though more often, given time, programs either find their own role or more rarely, they disappear.

Efforts: Goals and Reality, Policy Paper No. 3, Institute of Labor and Industrial Relations, The University of Michigan, Ann Arbor, Michigan (1967).

THE OBJECTIVES OF MANPOWER DEVELOPMENT AND TRAINING

The Manpower Development and Training Act's Statement of Findings and Purpose in 1962 listed goals ranging from insuring against the burdens of automation to "staffing freedom." Despite the verbiage, it is clear that the training program was originally designed to retrain experienced, adult family heads displaced from established jobs by technological and economic change. As the employment picture brightened, its targets changed—first to youth, and then to other groups facing disadvantages in competing for existing jobs. In doing so, MDT became a tool in the antipoverty effort. In addition to its primary objective of solving unemployment, tightening labor markets and inflationary pressures brought announcement in 1966 that one of its purposes would be alleviation of labor shortages. In the meantime, though it was never explicitly designed for the purpose, MDT had become a lever for imposing change on traditional manpower and educational institutions. Yet in retrospect all of these changing objectives can be rationalized within the original language. One more goal cited by the original language, the general upgrading of the labor force, has never become an explicit objective in practice.

As the combined result of original intent and subsequent experience, MDT has come to have six potential and identifiable objectives:

(1) Facilitating employment of the unemployed.
(2) Reducing poverty.
(3) Lessening inflationary pressures.
(4) Meeting labor shortages.
(5) Upgrading the labor force.
(6) Revamping traditional institutions.

Adequate evaluation of the contributions of MDTA, Title II, requires not only an assessment of the extent to which the program as a whole has accomplished its objectives, but also an assessment of the degree to which various program components have contributed to those objectives. The first can be done, but the latter is beyond the reach of current information. Given the limitations of data and concepts, cost-benefit analyses are most useful as corroboration of judgments based on detailed examination of both quantifiable and nonquantifiable accomplishments. This report examines the extent to which each objective has been achieved and estimates the overall costs of the program before turning to a review of cost-benefit studies for comparison with previous conclusions. After concluding that the Manpower Development and Training program has been a sound public investment, it identifies the major continuing issues, the solutions to which will determine the nature and extent of future accomplishments.

Reducing Unemployment

MDT was confronted at its inception with a nagging conceptual problem. It made sense to retrain and reemploy experienced workers. They had demonstrated their commitment and productivity. They were substantial members of their communities with financial obligations which would suffer from their lack of employment and income. Their skills and abilities might deteriorate into continued dependence. Employment could avoid the costs of unemployment insurance and public assistance. However, there were only two ways in which a retraining program could reduce the level of unemployment as contrasted with facilitating the employment of particular individuals: (1) if the unemployed could be trained for jobs which would otherwise remain vacant, or (2) if employers could be motivated by the availability of skilled labor to exploit economic activities they would otherwise have foregone.

General Levels of Unemployment

Neither possibility was ever explored. Some were convinced that jobs were plentiful, if only the unemployed had the requisite skills or were willing to move to the right locations. The fiscally conservative were apprehensive that attempts to solve unemployment through expansion of fiscal and monetary policies would be dissipated in resumption of the inflationary spiral they had fought so singlemindedly during the 1950's. In fact, their fear was so great as to turn them from traditional opponents to advocates of a federally financed and directed training program. If these were the objectives, the appropriate test of MDT's accomplishments would be its ability to reduce general unemployment.

In contrast, the impact of the new training program on general levels of unemployment was not a primary concern of its initial sponsors. They saw experienced, responsible constituents displaced from their jobs and were concerned with getting them back to work. The impact on potential competitors for the same scarce supply of jobs was too speculative to be of concern to them. Administrators of the new program were also saved from ambivalence. Their assignment was to identify both the trainable unemployed and the potentially available jobs and to mesh them through training projects. Assuring an adequate supply of total job opportunities was someone else's responsibility.

If, however, the result of the training effort was only to shift the burdens of unemployment from the trainees to those who would otherwise have obtained the jobs, little would have been accomplished. The responsiveness of employment to fiscal stimuli during and since 1964 indicates that absence of demand, not availability of skills, was the effective restraint on economic activity. Yet, despite the lack of jobs, MDT trainees who completed their training in 1963 experienced a level of placement success almost as high as in the tighter labor markets of 1966 and 1967. Had the Manpower Development and Training program trained by mid-1965 the one million persons originally contemplated by its senatorial authors rather than the little more than 200,000 who had actually completed training by the end of that year, the lack of job openings might have been a serious constraint.[2] As it was, there were sufficient openings in an economy providing over 70 million jobs to absorb the handful of MDT completers (see Table 1).

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[2] *Congressional Record,* August 23, 1961, p. 15700; March 8, 1962, p. 3353.

This does not mean, however, that the jobs, as they became

TABLE 1

Estimated Job Vacancies Related to Non-Agricultural Employment & Unemployment[1]

	Annual Rates[2]						
	1961	1962	1963	1964	1965	1966	June 1967
Non-Agricultural Unemployment (000's)	3,920	3,230	3,260	2,990	2,630	2,250	2,470
Non-Agricultural Unemployment Rate (percent)	6.7	5.5	5.4	4.8	4.2	3.4	3.7
Estimated Job Vacancies (000's)[3]	690	840	810	900	1,130	1,560	980
Estimated Job Vacancies as a Proportion of Non-Agricultural Unemployment	.18	.26	.25	.30	.43	.69	.41
Estimated Job Vacancy Rate (percent)[4]	1.1	1.4	1.3	1.4	1.7	2.2	1.4

[1] This table should be taken only as an indication of general magnitudes and trends over time. Non-agricultural employment and unemployment are official Department of Labor statistics. Job vacancies are estimated from the results of an April 1965 survey conducted by the Bureau of Employment Security and the Bureau of Labor Statistics in 14 cities, published in U.S. Congress, House, Subcommittee on Economic Statistics of the Joint Economic Committee, *Hearings, Job Vacancy Statistics*, 89th Congress, 2nd Session, 1966, p. 72. The number of job vacancies was estimated by elevation of the average number of unfilled job orders reported by the U.S. Employment Service for each year and June 1967 by a factor of 2.69. The factor was derived from the relationship between job vacancies as measured by the April 1965 survey and Employment Service unfilled job orders in the cities at the time. Though the unfilled orders were less than one-third of the vacancies estimated by the survey, they were consistent in occupational distribution. The table assumes the relationships between unfilled orders and job vacancies are constant over time and that the national ratio is identical to the total for the 14 cities for which data are available. See Myron L. Joseph, "Job Vacancy Measurement," *The Journal of Human Resources*, Fall, 1966, 59-80, for discussion of the limitations of job vacancy concepts and data. Despite all these qualifications, it is felt that a general indication of magnitudes and trends is useful. The author is, of course, completely responsible for the use made of the data.

[2] 1961-66 annual data, labor force 14 years of age and older. June 1967 labor force data, seasonally adjusted, include workers 16 years of age and older.

[3] See 1.

[4] As a proportion of non-agricultural employment.

available would not have been filled by others, had not the MDT trainees been available. Labor shortages were primarily of two types: (1) those of long training duration and (2) unattractive low-paid jobs with high turnover. MDT courses which were limited to 52 weeks duration and averaged 23 weeks through 1963 could not contribute significantly to the former, and lack of skill and training was not the source of the latter.[3] It is unlikely that the jobs filled by MDT completers in 1963 and most of 1964 would have remained vacant long. Before the program could advance to a size sufficient to have a significant displacement effect, however, the 1964 and 1965 tax cuts were in the past, and the Vietnam escalation was underway.

The Manpower Development and Training program was incapable of making a measurable contribution to the reduction of general unemployment. Fortuitously, the complex task of establishing a remedial training system was still in its rudimentary stages when aggressive fiscal policies were adopted in early 1964. Job vacancies were probably still less than one-half the number of unemployed in 1967, but some level of frictional vacancies is as inevitable as frictional unemployment. What that level is can only be estimated after extended experience in the measurement of unfilled jobs. The vacancies still appear to be concentrated in jobs requiring long training time or offering low pay. MDT trainees may have been given a competitive advantage over others who might have obtained the same jobs, even in the tighter labor markets of 1965-67, but it is doubtful that displacement was significant. Only 337,000 had completed training by the end of 1966. Even that small size was attained on an upswing of expanding employment opportunities which prevented it from arbitrarily favoring some while seriously worsening the competitive position of others.

Employing the Unemployed

The rationality of a program to retrain unemployed workers in a slack labor market might be questioned, though it might also be argued that the under-skilled should be enabled to compete more effectively for whatever jobs were available. However, once the objective of training the unemployed was legislatively established, the test of administrative effectiveness was not the reasonableness of the objective, but the extent to which it was accomplished. Since the accomplishment of all other objectives depends upon the extent to which program participants find jobs, the best test of the program's success is in its employment rates. MDT is in reality two separate but closely related training programs, one providing training in vocational education institutions and the other reimbursing employers for on-the-job training. Since the characteristics of the trainees and the post-training employment experience are quite different, it is useful to consider the two separately.

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[3] Levitan, Sar A., *Federal Manpower Policies and Programs to Combat Unemployment,* The W. E. Upjohn Institute for Employment Research, Kalamazoo, Michigan (1964), p. 16.

1. *The Post-Training Employment of Institutional Trainees*. From the beginning of MDT in September 1962 through December 1966, 482,100 persons were enrolled in institutional training projects. Of those, 278,800 had completed training and 59,100 were still enrolled as of December 31, 1966, representing a dropout rate of 30 percent.

Post-training employment experience of MDT completers is obtained from 3, 6 and 12-month follow-up surveys conducted by the United States Employment Service. Ninety percent of the institutional completers obtained employment at some time during the first year after training, and 77 percent were employed when last contacted. Three-quarters of those employed at time of last contact (58 percent of all completers) considered their job to be training-related.[4] Of those not employed at last contact in 1966, about one-third, mostly women, were out of the labor force with the remaining two-thirds unemployed.

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[4] The proportion in training-related jobs had risen to 62.5 percent in 1966. The significance of the difference between training-related and non-training-related employment is difficult to ascertain. Since training-relatedness was judged by the employee, there may be a conservative bias to the data. Enrollment by itself may have increased the visibility and desirability of the employee, thus contributing to his employability in non-training-related jobs. However, only 11 percent of the employers interviewed in a 1965 internal evaluation

The Department of Labor has chosen to publicize, as its measure of training success, the conservative figure of employment status at last contact. A more significant statistic, available only on 37,600 of those who had completed training prior to April 30, 1965, is that 72 percent were employed 75 percent or more of the time within the first year following training (Table 2).

MDT's contribution to employing the unemployed can be assessed only by comparison of post-training experience with what would have happened in the absence of training. Comparison with pre-training employment experience can give an indication, but the fact that employment trends have been upward makes that approach less than satisfactory. The proportion of institutional enrollees either employed or unemployed 14 weeks or less immediately before entering training varied from 52 percent in 1963 to 58 percent in 1966 (see Table 5). Many may have experienced more than one such period of unemployment during the 12 months prior to enrollment. Therefore, this is a conservative figure for comparison with the 72 percent employed at least three-quarters of the post-training year (see Table 2). The apparent improvement in employment stability was 30 percent, with some proportion attributable to general improvements in employment conditions in the economy and the remainder to MDT participation.

The more dependable approach for determining the employment contribution of the MDT program would be to compare the post-training employment experience of those who completed the program with the experience of comparable control groups who were not trained. In a study conducted for the Labor Department, the National Opinion Research Center (NORC) surveyed a nationwide sample of 784 completers and

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study by the Labor Department reported they had hired trainees specifically because of their MDT training, and 77 percent of those hiring trainees for non-training-related jobs thought people without training would have been as useful to the company as those hired. There appeared to be no conspicuous differences in the characteristics of those obtaining training-related and non-training-related jobs. The only significant findings were that those with training-related jobs tended to be better satisfied with their jobs and less likely to leave them.

TABLE 2

Stability of Employment of MDT Institutional Trainees
Cumulative Through April 1966

Employment Status at last Contact	Number of Reports	Percent of Time Employed Within One Year after Completion			
		0-24	25-49	50-74	75-100
Total	37,600*	7	8	13	72
Employed	31,200	2	5	11	82
Unemployed	4,000	28	22	25	25
Out of labor force	2,400	32	24	22	22
White:					
Employed	22,800	2	4	10	83
Unemployed	2,600	26	22	26	27
Out of labor force	1,800	31	24	23	22
Total	27,200	6	7	13	74
Nonwhite:					
Employed	6,600	4	6	13	77
Unemployed	1,200	33	23	23	22
Out of labor force	400	32	25	23	20
Total	8,200	9	10	15	66
Under 22:					
Employed	9,200	3	5	11	81
Unemployed	1,200	29	20	25	26
Out of labor force	1,100	27	26	22	25
Total	11,500	8	8	14	70
Over 44:					
Employed	3,900	3	6	14	77
Unemployed	600	33	26	23	19
Out of labor force	300	41	29	18	12
Total	4,800	9	10	15	66
8 years or less:					
Employed	3,700	3	6	13	79
Unemployed	700	30	21	25	23
Out of labor force	300	43	26	15	16
Total	4,700	9	9	15	67
9 to 11 years:					
Employed	8,200	2	5	13	80
Unemployed	1,300	28	22	24	26
Out of labor force	700	35	24	22	19
Total	10,200	8	9	15	68
12 years or more:					
Employed	19,100	2	4	10	83
Unemployed	2,000	27	22	25	26
Out of labor force	1,400	28	24	24	24
Total	22,500	6	7	12	74

*All reports from 12th month follow-up surveys which contained the relevant information.

Source: All data in all tables from U.S. Department of Labor unless otherwise noted.

413 dropouts from MDT institutional courses ending between June 1, 1964 and February 28, 1965. The control group was made up of 925 friends, neighbors and relatives of the trainees who were also unemployed at the time the trainees began training.

The difference in employment rates for the two groups before training was not statistically significant, but the post-training employment experience of the trainees was substantially more favorable than that of the control group. When interviewed, 68 percent of the completers and 41 percent of the controls had full-time jobs. An estimated 86 percent of completers and 64 percent of controls had been employed at some time during the post-training period. The completers had been unemployed an average of 57 percent of the time during the year before training but were unemployed an average of only 33 percent of the time during the total post-training period. During the same periods, the controls were unemployed 62 percent and 51 percent of the time, respectively. Both completers and controls appear to have continued to experience considerable unemployment, but those trained were clearly better off than those who had not received training. Participation in MDT was concluded to have increased post-training employment compared to the control group between 13 percent and 23 percent for the completers and 7 percent and 19 percent for the dropouts, depending upon various assumptions.

No general information is available concerning the 30 percent of institutional enrollees who failed to complete training. However, unpublished sample studies made by Department of Labor technicians provide some insight. A 1965 study of 600 institutional dropouts and a control group of 300 completers in 21 cities, for instance, found approximately one-third had left to take jobs. Another third left because they were dissatisfied with some aspect of the training course; the final third withdrew for a variety of family, health and financial reasons.

MDT personnel argue that many of those who dropped out to take jobs should be counted as successes for the program rather than failures, believing that they were raised to an adequate skill level and moved into jobs without awaiting graduation. However, with information limited as to the nature of their jobs, they remain outside the employment measures. Most of the dropouts occurred in the early weeks of the courses, and the higher dropout rates occurred in the courses of longest duration. Those who dropped out tended to be the more mobile groups. Young white males predominated among those leaving to take jobs, with nonwhite males dropping out for financial reasons. The dissatisfied were largely young whites and those who were either new entrants or reentrants to the labor force or who had high job turnover and short duration of unemployment before enrolling. Those who dropped out for health and family reasons were mostly female. The completers were somewhat more likely to be nonwhite and to have had longer unemployment and less successful labor market experience before entering training.

This study was corroborated by another similar sample a few months later which found 43 percent of the dropouts to have left training to take a job or for financial reasons, 22 percent for health or family reasons and 7 percent because of transportation problems.[5] Nineteen percent said they left their training courses because they were dissatisfied. The Labor Department-NORC data and other studies suggest that the dropouts do gain on the average from their MDT participation, though less than completers.

2. *Post-Training Employment of On-the-Job Trainees.* Only 117,900 persons had been enrolled in on-the-job training through December 1966. Of these, 58,400 had completed training and 39,600 were still in training, an OJT dropout rate of 17 percent. The meaning of the OJT dropout rate is less clear than that for institutional training, however, since it includes either quitting or losing a job rather than a simple withdrawal from training. Ninety percent of those who had completed on-the-job training under MDT had either been retained by the contracting employers or had other jobs when

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[5] Similar results were found from a survey of similar size but limited to West Virginia trainees under the Area Redevelopment Act in 1963. See Gerald G. Somers, "Retraining: An Evaluation" in Arthur M. Ross (ed.) *Employment Policy and the Labor Market,* University of California Press, Berkeley (1965), pp. 280-86.

last contacted. The 7 percent who were in non-training-related jobs may be an indication of the latter. The employment rate has been rising with 90 percent in training-related jobs in 1966 and only 3 percent in non-training-related employment.

No controlled study has ever been made to assess the extent to which those employed following MDT-OJT would or would not have been employed in absence of that program. Two crucial questions remain unanswered: (1) The major analytical difficulty is that MDT support is available for on-the-job training of current employees as well as those who were unemployed. Overall, 36 percent of OJT trainees were underemployed rather than unemployed or out of the labor force before training, and there has been no tendency for this proportion to decline. Presumably, most of these were already employed by the training employer. (2) In a tightening labor market, many employers were searching for employees and training them when necessary. Under those circumstances, it is difficult to judge whether or not MDT-OJT resulted in a net increase in training and employment.

Serving the Competitively Disadvantaged

A finding that MDT completers had a substantially more favorable post-training employment experience than would have been the case in the absence of training is evidence that the training was a benefit to them. It does not automatically justify the training program as a social investment as long as the possibility remains that the trainees obtained only jobs which would have been filled by others. Lacking evidence, it is reasonable to assume that some substitution may have occurred in the slack labor markets of 1963-64 but not to a significant extent in the tighter ones of 1966-67, with 1965 as a period of transition between the two situations.

However, there are circumstances under which training is justified even if substitution occurs. The changing structure of unemployment over time suggests that the labor market acts as an efficient selection mechanism, employing first the best prepared, most experienced and most skilled; and leaving behind, whatever the level of employment, those with less to offer. Since the hiring process is largely in employer control, the system also lends itself to discrimination if the employer chooses to leave out those least attractive to him for non-economic reasons. As Table 3 illustrates, the rising employment following the 1964 tax cut gave a more than proportionate number of the new jobs to most of those groups who had been bearing disproportionate burdens from unemployment. Yet despite the job growth, the same pattern continued at lower levels of unemployment which remained concentrated by age, race and sex, as well as by education, location, skill, experience and occupation. Once unemployment rates stabilized at below 4 percent levels, the flow of new jobs to the more favored groups resumed.

Unemployment has always shown a similar structure, though both demand conditions and demographic factors change the relative burdens of various groups. What is new is a recognition of the problem and a commitment to alleviate it, despite low general levels of unemployment. The factors responsible for the increased sensitivity to individual and group unemployment problems are largely the product of two developments: (1) the earlier debates over structural vs. aggregate demand explanations of persistently high levels of unemployment in the early 1960's and (2) continued unrest among Negroes and other minority groups.

A consequence has been acceptance of the principle that improving the competitive position of the disadvantaged is an appropriate goal for public policy, even though it may threaten the more favorably situated. Therefore, guidelines were issued in early 1966 directing that 65 percent of MDT trainees during fiscal 1967 should be drawn from the disadvantaged groups shown in Table 4. The remaining 35 percent of the training slots were to be used to reduce labor shortages, though the two objectives were not mutually exclusive.

The accomplishment of the 65 percent disadvantaged goal for fiscal 1967 is not the significant development. As Table 4 shows, the goal as defined was close to accomplishment in calendar 1966, but the categories were so broad as to be of little significance as indicators of the degree of disadvantage. Membership in none of the categories is *prima facie* evidence of employment handicaps, though there is a tendency for the competitively disadvantaged to be concentrated among those in these categories. Year by year trends in enrollment for groups which have a high probability of disadvantage are more

TABLE 3

Distribution of Increased Employment
February 1964-1966—February 1966-July 1967

Labor Market Category	Percent Distribution Total Employed Labor Force February 1966[1]	Percent of New Jobs[3]	
		February 1964 February 1966	February 1966 July 1967
Sex			
Male	65	47	33
Female	35	53	67
Age			
16-19	7	29[3]	8
20-24	11	22	37
25-34	19	13	31
35-44	23	9	-11
45-54	21	12	14
55-64	14	15	21
65 and over	4	1	1
Race			
White	89	85	89
Non-white	11	16	11
Occupation			
White-collar	46	43	113
Blue-collar	38	53	10
Service	13	13	-4
Farm	4	-9	-19
Education[2]			
0-8 years	21	-21	NA
High School			
1-3 years	19	15	-
4 years	37	72	-
College			
1-3 years	11	14	-
4 years	7	17	-
5 years or more	5	4	-

[1] Employed civilian labor force 16 years of age and above.

[2] Distribution by education for civilian labor force 18 years old and above as of March 1966. Percent of New Jobs determined between March 1964 and March 1966.

[3] Percent of New Jobs derived by distributing the incremental changes in total employment between the periods noted. February 1964—February 1966 data include employed population 14 years of age and above and are not seasonally adjusted. February 1966—July 1967 data reflect seasonally adjusted employment for all those over 16 years of age (revised series).

TABLE 4

Fiscal 1967 Program Goals Compared to Calendar 1966 Enrollments (Percent)

	FY 1967 Goal		1966 Enrollments	
Characteristics	Disadvantaged as Proportion of All Trainees	Percent Distribution of Disadvantaged Trainees	Institutional	OJT
All trainees	61.5	100.0	100.0	100.0
Age				
Under 22	23.5	38.2	37.1	35.0
Over 44	22.6	36.7	11.2	9.3
Nonwhite	20.4	33.1	40.1	18.0
Less than high school grad.	49.3	80.5	52.7	25.2
Rural	12.8	20.8	18.1	22.4
Unemployed 15 weeks or over	30.0	48.8	41.5	27.8

meaningful indicators of progress toward the goal. These trends show a mixed picture with institutional enrollments moving steadily in favor of most disadvantaged groups and OJT enrollments moving just as steadily in the opposite direction (Table 5).

1. *Institutional Enrollments.* In the first years of MDT with the Act aimed at the experienced, adult unemployed and with plenty of them available, the program was admittedly "creaming."[6] As labor markets have tightened, institutional enrollments have moved steadily in favor of most, but not all, of those groups still burdened by high unemployment. As Table 5 indicates, institutional enrollments have been moving steadily in favor of the non-white, those with 9 to 11 years of

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[6] Wolfbein, Seymour L., "The First Year of the Manpower Act" in Arthur M. Ross (ed.), *Unemployment and the American Economy*, John Wiley & Sons, Inc., New York (1964), p. 67.

TABLE 5

Comparison of Year-to-Year Trends in MDT Trainee Characteristics with Characteristics of the Unemployed

					Characteristics of Unemployed 1966	
	1963	1964	1965	1966	Annual Average	15 weeks & over
Total Enrollments						
Institutional	58,400	102,500	140,900	162,500		
OJT	3,600	14,100	32,200	67,800		
			(Percentages)			
Under 22						
Institutional	30.9	39.6	43.1	38.0	NA	NA
OJT	36.1	33.5	36.8	35.0		
Over 44					24.5	39.0
Institutional	10.2	10.5	9.8	11.2		
OJT	7.0	9.6	11.5	9.3		
Education					29.8	37.8
8 years or less						
Institutional	10.6	17.2	17.1	16.3		
OJT	11.5	14.4	14.2	10.2		
9-11 years					27.2	28.6
Institutional	31.3	33.1	35.5	36.4		
OJT	28.9	27.1	26.6	25.0		
Nonwhite					21.8	23.7
Institutional	27.2	30.6	36.0	40.1		
OJT	14.9	21.4	18.1	18.0		
Unemployed - 15 weeks or over					-	18.6
Institutional	47.9	45.3	44.0	41.5		
OJT	39.2	34.0	34.1	27.8		
Public Assistance Recipients						
Institutional	8.6	9.7	11.3	11.7	NA	NA
OJT	2.2	1.7	1.7	1.3		
Handicapped						
Institutional	6.3	7.1	7.7	8.8	NA	NA
OJT	3.8	3.5	4.0	3.3		

education, public assistance recipients and the handicapped. Especially significant is the high proportion of enrollees under 22 years of age, a category supposedly limited in the beginning to 5 percent of those receiving training allowances. The declining enrollment of the long-term unemployed is a natural consequence of the decline in long-term unemployment. The nonwhite and those with 9 to 11 years of education have been more than proportionately represented in institutional training when compared to their presence among the unemployed. Those with eight years or less education and those 45 years of age and over have been underrepresented, and there has been little progress on their behalf over the years, though preliminary data for 1967 suggest improvement.

Even with these commendable trends, MDT courses tend to enroll the most experienced and motivated among the disadvantaged. For the most part, trainees are referred by the Employment Service from among those who apply for jobs or unemployment compensation. Outreach efforts are increasing through the Community Action Program's neighborhood centers and through the Employment Service's own Youth Opportunity Centers and Human Resources Development Program, but most MDT enrollees are still those with sufficient knowledge, experience and motivation to seek assistance.

One of the earliest discoveries of MDT experience was that available training methods assumed a level of educational competence beyond that of many of the unemployed. The Act was amended in 1963 to authorize payment of training allowances for an additional 20 week period during which basic education could be provided. Administrators were slow to take advantage of the new authority, however. Techniques and materials were limited and few had had experience as teachers of adult basic education. Also, despite the authorization, verbally-oriented tests and local Employment Service practices and policies often impeded enrollment of those with limited education. Some selection and referral officers were found screening from the "top down," thus filling classes with the highest qualified persons available. Some appear to have individual rules of thumb as to the minimum education necessary for successful training. Only 200 of the 51,400 institutional completers in 1964 had received basic education, but the proportion rose to 16 percent in 1965 and 26 percent in 1966. Nevertheless, considering their high proportion among the unemployed, those with 8th grade education or less remain seriously underrepresented in institutional training.

2. *OJT Enrollments*. Simultaneous with the fiscal 1967 decision to draw 65 percent of enrollees from among the disadvantaged, it was decided to expand OJT enrollment from

13 percent of enrollments in 1965 and 29 percent in 1966 to one-half the total training slots funded in fiscal 1967. The reasons were threefold: (1) Congressional prodding for expansion of OJT; (2) its low federal costs per trainee compared to institutional training; and (3) the higher post-training employment rate built into on-the-job training. The decisions to favor the disadvantaged and to expand OJT were in conflict, however. As Table 5 shows, enrollment of the disadvantaged in OJT is not only low but the trends are away from the disadvantaged in every category except age where the proportion appears stable.

The enrollment of disadvantaged persons in OJT is inherently difficult. The employer must agree to the selection but prefers the best qualified individual available. The field representatives of the Bureau of Apprenticeship and Training which administers MDT-OJT are experienced in encouraging employers to sponsor apprenticeship, leaving the choice of apprentices to the employer and unions. The role of advocate for the disadvantaged is an unfamiliar one, and one to which they are less than completely converted. The push for rapid expansion put pressure on staff to accept any agreements employers were willing to make in order to get contracts and to fill training slots.

A new administrative device relied upon to supplement the meager BAT staff has intensified the difficulty of reaching the disadvantaged through OJT. In late 1964, in order to increase access to employers, national prime contracts were written with trade associations and with automobile manufacturers for specified members of OJT "slots" to be subcontracted to their members and dealer. Subsequently, in 1965, as a means of enrolling members of various disadvantaged groups in on-the-job training, similar contracts were written with the Urban League, Community Action Agencies and other "community contractors." These, in turn, subcontracted primarily with small employers. The national OJT contractors represent the employer and tend to seek, as the employer does, the best employees available. A few unions serving as national contractors face less ambivalent objectives and do a generally better job of recruiting the disadvantaged, but must still find employers for them. The community contractors are organized specifically to serve the disadvantaged, but they lack employer contacts and competence. Hence, many slots in their overly optimistic contracts have gone unfilled.

The program is authorized to train the underemployed for upgrading, and 37.6 percent of OJT trainees enrolled in 1966 were in that category. The theory is that the upgrading will open entry positions for the disadvantaged, but there is no administrative control on who can be trained, and whether and for whom entry jobs are made available. The difficulty of controlling enrollments under the current administrative structure is indicated by the fact that, while in 1965, 79 percent of trainees covered by contracts directly administered by BAT or state apprenticeship agencies were drawn from the ranks of the unemployed, only 43 percent of those under community contracts were unemployed when they entered training. Only 25 percent of the trainees scheduled by national contractors did not already have jobs.

3. *Coupled Programs*. As alternative training methods, institutional and on-the-job training each have important comparative advantages. Institutional training excels where the objective is a range of skills broader than those likely to be learned on a particular job or in the employ of a particular employer, and where basic education or substantial academic or theoretical content is involved. On-the-job training, on the other hand, avoids the problem of duplicating the employer's facilities and finding instructors with technical job skills. It takes place in the job environment under authentic working conditions. It provides employment and income to the trainee and the likelihood of permanent employment in contrast to the "hunting license" to look for a job offered by institutional training. OJT excels as a way of providing specific skills relevant to the operations of a particular work place. Those facing the disadvantages of both inadequate education and limited experience particularly need the benefits of both approaches.

The obvious strategy is to couple these techniques wherever possible, providing general skills and academic and theoretical knowledge in the classroom, either preparatory to or coincident with more specific training on the job. Vocational education has followed the procedure to a limited extent through "cooperative programs" between schools and employers. Apprenticeship has done so to a greater extent through related classroom instruction. MDT administrators have also endorsed the concept, setting as a goal the funding of coupled projects in fiscal 1967 sufficient to provide training opportunities for 72,500.

The results have been disappointing. Coupled programs are administered by BAT as part of the OJT assignment. The 72,500 coupled program "slots" were actually to be 58 percent of the 125,000 OJT goal. However, by the end of June 1967, though the number of purely OJT "slots" authorized had risen to nearly equal those for institutional—98,100 compared to 132,300, coupled programs had been approved for only 54,600 trainees. The obstacles to coupling are several. Apprenticeship and training personnel have little use for institutional training, and vocational educators doubt that OJT merits the title "training" at all. The former attempt to minimize the amount of time spent in institutional preparation while the latter argue to extend it.

In addition, the coupling system as originally established contemplated a contract with an employer to accept particular trainees in specified numbers at the end of a several weeks' long training course. Employers were reluctant to promise this. Latitude was then increased by enrolling trainees in institutional courses on the judgment that OJT "slots" could be contracted for upon completion. However, when the few such projects so far were faced by completion of the institutional phase, the rate of employment in an OJT opportunity was no greater than the employment rate in fully institutional courses. In some cases, for reasons not yet clear, the dropout rate in the OJT phase exceeded that in the institutional period, contrary to the customary relationship.

Experiments are currently underway for employers to accept the entire responsibility for recruitment, selection, basic education and skill training, but the approach is too new for assessment. Extraordinary efforts are also underway to expand the number of coupled projects. Included is an administrative requirement that all OJT contracts made in the last few months of fiscal 1967 and the first months of fiscal 1968 include coupling.

Employing the Disadvantaged

The test for MDT, of course, is not whether it enrolls the disadvantaged in training, though that in itself is a contribution. The crucial test is the extent to which they are employed afterwards.

1. *Employment of Disadvantaged Institutional Trainees*. As might be expected, post-training employment rates vary widely by trainee characteristic. In 1966, one-fourth of all nonwhite institutional completers were unemployed at last contact compared to 14 percent of white completers (Table 6). Only 66 percent of the nonwhite trainees who completed institutional training through April 1966 were employed between 75 percent and 100 percent of the time during the first year following training compared to 74 percent of white completers (see Table 2). The percentage of nonwhites employed was substantially lower (and the percentage of nonwhites unemployed substantially higher) than for whites even when controlled for age, education, occupation and duration of pre-training unemployment. The relationship between employment rates of those with 8 years or less of education and those with 12 years or more was similar to that between white and nonwhite completers. Only 70 percent of those under 22 years of age and 66 percent of those over 44 years were employed at least three quarters of the first post-training year, compared to 72 percent of all trainees.

Those who had completed courses involving basic education and pre-vocational training in 1966 experienced a disappointingly high unemployment rate as shown by the follow-up surveys. But they did somewhat better than the total group of those with 8 years or less education who were probably heavily represented in the basic education courses. However, the number of those completing courses involving basic education was double the number of those having 8 years or less of education, suggesting a substantial involvement of those with 9 to 11 years of schooling. Studies are needed to ascertain whether basic education under MDT has made a significant difference in employment rates, but logic and experience support a strong presumption that it has.

Nine out of ten institutional completers obtain jobs but they apparently continue to have considerable instability in employment. This is not surprising since only a little more than half of the labor force work full time for the full year at best, and MDT completers during the first year face typical

TABLE 6

Post Training Labor Force Status of MDT Completers by Trainee Characteristic, 1966

(percent distribution)*

Characteristic	Employed at last Contact		Unemployed	Not in Labor Force
	Training Related	Not Training Related		
Institutional				
Total	62.5	12.5	17.2	6.8
Sex:				
Male	62.1	17.6	15.6	3.7
Female	62.9	7.5	18.7	9.9
Color:				
White	65.7	12.4	14.0	7.0
Nonwhite	55.1	13.3	24.3	6.1
Age:				
Under 22	60.3	13.6	18.0	7.1
Over 44	53.4	12.3	18.4	9.8
Education:				
8 years or less	51.8	16.3	24.3	6.4
9 to 11 years	59.0	14.2	19.1	6.6
12 years or more	66.6	10.9	14.6	7.0
Enrolled in courses including basic education and prevocational training	55.0	15.1	21.7	7.4
On-The-Job				
Total	90.6	3.0	3.8	2.0
Sex:				
Male	92.6	3.4	2.2	1.1
Female	85.4	1.9	7.8	4.4
Color:				
White	90.7	3.1	3.7	1.9
Nonwhite	89.3	2.4	5.4	2.4
Age:				
Under 22	88.9	3.3	4.0	3.5
Over 44	91.3	1.2	3.5	1.7
Education:				
8 years or less	82.8	4.0	9.6	2.5
9 to 11 years	89.4	3.0	4.6	2.1
12 years or more	92.0	2.8	2.8	2.0

*Do not add to 100 percent due to non-reporting of training relatedness.

"last-in—first-out" threats.[7] However, unemployment of the institutional completers is much less than they would have suffered in the absence of training. It is not surprising, though disheartening, that the incidence of unemployment is even higher for completers drawn from various disadvantaged groups. However, the Labor Department-NORC data show employment gains by age, race, sex and education, with females and whites benefiting more than their opposites but with gains roughly equal for all education groups and most age groups. Thus, the indications are that, poor as the post-training employment experience of some of the disadvantaged groups has been, experience in absence of training would have been worse.

2. *Employment of Disadvantaged On-the-Job Trainees.* The employment experience by trainee characteristic for OJT completers is impressive and offsets to a substantial extent the disappointing enrollments among the disadvantaged. Since enrollment in OJT includes employment, the only question is whether the trainee is retained by the employer after training is completed. Three of every eight OJT trainees were already employed, but the program made important contributions to the employment experience of the remainder. Even if all of the 6 percent of OJT completers who were unemployed when last contacted after training in 1966 were assumed to have been drawn from those who were unemployed before enrolling in OJT, the employment rate for that group when last contacted would still have exceeded 90 percent. Differences in employment and unemployment rates of OJT completers by color are insignificant. Those by age are minor. Differences by sex and education are significant, but the variation is much less than for institutional trainees and, more importantly, the differences occur at a much higher employment level.

If only the average costs per trainee are considered, OJT appears to be the least-cost means within MDT of employing the disadvantaged. For example, a Negro in 1966 had only one-half the likelihood of getting an available OJT

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[7] Bogan, Forrest A. and Thomas E. Swanstrom, "Work Experience of the Population in 1965," *Monthly Labor Review*, December 1966, p. 1370.

"slot" as he did an available institutional one. Once in, however, his likelihood of post-training employment was 34 percent higher than it would have been had he been institutionally trained, and the cost of training him averaged only one-fourth as much. There are other considerations, however. The OJT enrollees are probably less disadvantaged within each demographic category than those in institutional projects. Also, in the longer run, the broader skills and the possible inclusion of basic education available through institutional training may contribute enough to employability and promotability to offset the immediate OJT advantages. No one will know until long-term follow-up studies are made. A more important issue is whether those in OJT would have been trained at the employer's expense in absence of the program; consideration of this issue follows. However, the value of OJT to those less attractive to employers is undoubtedly high.

3. *Analysis by Race*. Unemployment among Negroes is of particular significance. It is useful to compare MDT participation and results by race, by state and by region. In all states, the proportion of nonwhite enrollment in institutional courses has exceeded the proportion of nonwhites in the 1960 population, in most cases by multiples of 2 to 5 (see Table 7). In Southern states the population proportion has tended to be around 25 to 30 percent, with the nonwhite proportion in institutional training between 50 and 60 percent. The proportions of nonwhites in OJT have been considerably below those in institutional training but, outside the South, have been still considerably above population proportions. In the South, however, OJT enrollment proportions have tended to be at or below population proportions.

Data on training occupations and employment by state for OJT are unavailable because of underreporting. Though nonwhite persons appear to receive their share of institutional slots, there is evidence of an unfavorable selectivity in the occupations for which Negroes are trained. Nonwhite trainees have been underrepresented compared to their total enrollment in training for professional and technical and skilled occupations, proportionately represented in clerical and sales and semiskilled occupations and overrepresented in service occupations. There has been a clear tendency for both white and nonwhite trainees to be upgraded away from unskilled,

TABLE 7

Nonwhite and Less than High School MDT Enrollment 1966 Compared to Proportion in Population by State, 1960

State	Negro Population, 1960 (percent)	Nonwhite MDT Enrollment 1966		Over 25 with Less than High School Education 1960	Less than High School Education in MDT, 1966	
		Institutional	OJT		Institutional	OJT
Alabama	30.0	38.9	14.7	69.7	54.3	34.2
Alaska	3.0	37.4	19.8	45.3	37.1	--
Arizona	3.3	25.5	11.5	54.3	71.1	38.0
Arkansas	21.8	28.6	9.8	71.1	52.9	64.2
California	5.6	31.1	24.9	48.5	51.3	25.4
Colorado	2.3	13.3	--	48.0	55.3	--
Connecticut	4.2	41.5	20.7	56.2	69.4	47.1
Delaware	13.6	57.8	--	56.7	24.8	--
Florida	17.8	44.9	21.2	57.4	52.8	50.7
Georgia	28.5	56.0	24.5	68.0	51.3	39.3
Hawaii	.8	74.0	77.2	53.9	20.5	33.8
Idaho	.2	4.5	--	51.5	50.3	--
Illinois	10.3	60.9	17.5	59.6	61.4	34.8
Indiana	5.8	41.4	21.8	58.2	55.0	52.1
Iowa	.9	7.5	3.8	53.7	48.8	33.8
Kansas	4.2	32.7	6.0	51.8	49.6	12.2
Kentucky	7.1	14.9	7.6	72.4	50.0	41.2
Louisiana	31.9	42.6	32.0	67.7	42.8	48.2
Maine	.3	.6	.3	56.8	50.4	45.5
Maryland	16.7	60.5	25.9	60.0	63.4	41.4
Massachusetts	2.2	22.5	4.9	53.0	60.3	35.8
Michigan	9.2	50.4	34.9	59.1	51.5	40.9
Minnesota	.7	9.1	4.1	56.1	38.4	36.4
Mississippi	42.0	47.3	21.0	70.2	61.6	37.3
Missouri	9.0	39.3	21.1	63.4	66.5	16.6
Montana	.2	6.3	--	52.2	51.3	--
Nebraska	2.1	17.8	2.4	52.3	48.9	53.7
Nevada	4.7	24.0	2.9	48.0	38.8	--
New Hampshire	.3	.3	1.4	57.1	44.9	48.6
New Jersey	8.5	41.6	18.9	59.3	50.6	50.7
New Mexico	1.8	8.9	.7	54.5	57.8	53.2
New York	8.4	59.9	22.0	59.1	33.2	--
North Carolina	24.5	51.2	21.4	67.7	62.7	46.8
North Dakota	.1	1.6	--	61.2	40.9	--
Ohio	8.1	42.6	23.2	58.1	60.6	40.6
Oklahoma	6.6	25.2	26.8	59.5	48.8	44.0
Oregon	1.0	6.4	1.7	51.6	41.9	27.0
Pennsylvania	7.5	35.7	12.4	61.9	43.5	40.1
Rhode Island	2.1	10.1	--	65.0	43.4	--
South Carolina	34.8	54.5	--	69.6	70.1	--
South Dakota	.2	5.1	6.5	57.8	--	39.7
Tennessee	16.5	44.8	21.2	69.6	58.3	48.8
Texas	12.4	31.1	22.6	60.5	50.1	26.1
Utah	.5	5.9	--	44.2	50.7	--
Vermont	.1	.3	--	57.1	50.6	--
Virginia	20.6	26.0	23.7	62.1	61.6	62.1
Washington	1.7	16.7	10.8	48.5	54.6	31.8
West Virginia	4.8	8.8	9.3	69.4	63.7	42.8
Wisconsin	1.9	31.9	3.3	58.5	49.7	24.7
Wyoming	.7	6.6	1.5	48.0	44.7	--

agricultural and service jobs through training for skilled, clerical and sales and professional and technical jobs. Underrepresentation of nonwhites in training for professional, technical and skilled jobs tends to widen the racial gap in those occupations. At the same time, MDT's impact is probably to narrow the gap at lower occupational levels, as nonwhites exit from service jobs and enter semiskilled and clerical occupations more rapidly than white trainees.[8]

There seem to be no consistent departures from the national pattern by region. Certain Southern states can be identified which have greater underrepresentation of nonwhites in professional and technical jobs than the national average, but at least as many states outside the South can be found with equal underrepresentation in clerical and sales occupations and overrepresentation in service and semiskilled occupations. Mississippi is the only Southern state in which the departures from national norms are consistent for every occupational group but one. Yet Mississippi and Louisiana have trained a proportion of both whites and nonwhites for skilled occupations that is three times that for the nation.

That experience along racial lines is much less sanguine for placements than for enrollments has already been noted. The same pattern is evident in all but a few states, but the margin between white and nonwhite placements has been widest in the South. The reasons for all these differences between white and nonwhite enrollments and results are unclear. There appears to be no bias in institutional enrollments but considerable in OJT, though the relative culpability of local administrators and employers is not readily apparent. The negative occupational selectivity could be explained by lack of education and prior experience, unfavorable employment prospects or bias among local and state administrators and employers. The less favorable employment records could result from either unfavorable occupational mix, training results or employer acceptance. Whatever the reasons, the problem is a national one, only slightly more serious in Southern states. Though there is no bias involved in national MDT policies, there is a national responsibility to identify the reasons for the significant racial differences in results of the program.

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[8] For data on these points, see Garth L. Mangum, "Manpower Programs in the Antipoverty Effort," Senate Subcommittee on Employment, Manpower and Poverty, *Examination of the War on Poverty*, Staff and Consultant Reports, Vol. II, 90th Cong., 1st Sess., August 1967.

Contributions to the Antipoverty Effort

Family income has not been considered a relevant statistic for the MDT reporting system. However, covered earnings data from Old Age, Survivors and Disability Health Insurance records and data from the Labor Department-NORC study provide indications of pre- and post-training incomes of MDT trainees. From these sources it would appear that at least one-half of MDT institutional trainees but a lesser proportion of the smaller number of on-the-job trainees have been from families whose incomes were below the poverty line.

Income measures of poverty vary by family size and location, but such refinements are not available for OASDHI data. However, an annual income of $3,000 is a reasonable rule of thumb. As Table 8 shows, 81 percent of institutional trainees and 50 percent of on-the-job trainees who were family heads and who were in training in 1966 had covered earnings of less than $3,000 or no covered earnings for the last full year before entering training. As might be expected, the proportion of low incomes was higher where the family head was female, nonwhite, under 22 or over 44 years of age, or had limited education. Data for earlier years are similar.

Family income would probably exceed covered earnings of family heads because of secondary earners, noncovered employment and transfer payments such as unemployment insurance. In the Labor Department-NORC survey quoted earlier, 53 percent of the 1,100 institutional trainees whose training ended between June 1, 1964 and February 28, 1965 reported that their family income just prior to training was less than $60 a week, a figure which would have provided $3,120 for full-year employment. However, most experienced considerable unemployment as well. One-third reported family incomes less than $40 weekly with three-fourths reporting less than $100 a week.

TABLE 8

Characteristics of 1966 MDT Trainee Family Heads[1] by OASDHI Annual Earnings Status

Characteristic	Earnings below $3,000	Earnings above $3,000	No Reported Earnings	Percent of Total under $3,000[2]
Institutional				
TOTAL	48,900	17,200	23,200	80.7
Sex:				
Male	31,400	15,100	9,700	73.2
Female	17,500	2,100	13,500	93.7
Color:				
White	28,000	12,500	12,500	76.4
Nonwhite	20,900	4,700	10,700	87.3
Age:				
Under 22	10,400	1,100	3,500	92.7
Over 44	6,300	2,400	4,200	81.4
Education:				
8 years or less	9,500	2,600	4,900	84.7
9 to 11 years	19,500	6,000	9,000	82.6
12 years or more	19,900	8,600	9,300	77.2
On-the-Job				
TOTAL	12,600	17,100	4,500	50.3
Sex:				
Male	10,700	16,800	3,300	45.5
Female	1,900	300	1,200	91.2
Color:				
White	9,300	15,200	3,300	45.3
Nonwhite	3,300	1,900	1,200	70.3
Age:				
Under 22	3,300	1,700	900	71.2
Over 44	1,300	2,400	700	45.5
Education:				
8 years or less	1,800	2,200	700	53.2
9 to 11 years	3,400	4,300	1,200	51.7
12 years or more	7,400	10,600	2,600	48.5

[1] Annual covered earnings data from Social Security Administration records. A random selection was made of 80,000 records using the last digit of the enrollee's Social Security number. The sample was inflated by a weighting process to represent total enrollment for the year and characterized by family status. Separate sampling ratios were developed for institutional and OJT training. Earnings are for the last full year prior to training.

[2] Includes those with no reported earnings.

The Manpower Development and Training program's success can be in part evaluated by its ability to increase these low incomes. Table 9 shows that the majority of trainees with low annual covered earnings before training had higher earnings after training than would have been expected from the mere passage of time. This was also true of nonfamily

TABLE 9

Changes in Earnings of MDT Completers from Year Prior to Enrollment to Year after Completion of Training*

(In percents)

	Institutional			On-the-Job		
	Increase	No Change	Decrease	Increase	No Change	Decrease
Enrollment Year						
1965						
Total	64	9	27	60	12	28
Family Heads Earning Less than $3,000	70	8	22	66	10	24
Family Heads Earning More than $3,000	28	21	51	44	20	36
Nonfamily Heads	71	6	23	66	9	25
1964						
Total	71	9	20	76	13	11
Family Heads Earning Less than $3,000	79	4	16	82	7	11
Family Heads Earning More than $3,000	35	29	36	37	41	22
Nonfamily Heads	78	6	16	76	13	11
1963						
Total	64	10	26	62	17	21
Family Heads Earning Less than $3,000	72	8	20	77	6	17
Family Heads Earning More than $3,000	30	24	46	33	39	27
Nonfamily heads	73	6	21	71	10	19

*Includes only those who had covered earnings in both periods. Plus or minus 10 percent represents no change.

Note: Data may not add to 100 due to rounding.

heads. On the other hand, most of the family heads with covered earnings of more than $3,000 before training experienced either no significant change or a decrease in earnings for the year after training. This is not surprising since those experiencing a decrease in earnings were more likely to be those with substantial skills and seniority who, following training, had to start over in an entry level job.

The same pattern is apparent in the straight-time hourly earnings of those completers who were employed at last contact (Table 10). Through January 30, 1967, the median pre-training earnings of all employed completers were $1.44 an hour. The median post-training earnings were $1.74 an hour. As with annual covered earnings, those with low pre-training earnings appear to have profited more income-wise than those with high pre-training earnings. Both pre- and post-training medians were lower for nonwhite than for white trainees, but the percentage increases were almost identical. A similar pattern prevailed for nonfamily heads as compared to family heads and females relative to males.

It is significant that whereas nearly one-third of the trainees who completed training had earned less than $1.25 an hour in their last regular employment prior to training,

TABLE 10

Straight-Time Average Hourly Earnings of Employed Completers, Pre- and Post-Training*
(Cumulative, September 1962-January 1967)

(Percent Distribution and Median)

Straight-Time Average Hourly Earnings	Total		White		Nonwhite	
	Pre-training	Post-training	Pre-training	Post-training	Pre-training	Post-training
TOTAL	100	100	100	100	100	100
$ .50 - .74	7	2	5	1	10	3
.75 - 1.14	21	8	19	6	27	12
1.15 - 1.24	4	2	4	2	5	3
1.25 - 1.49	23	21	23	20	26	25
1.50 - 1.74	14	17	15	18	12	16
1.75 - 1.99	8	13	9	13	6	13
2.00 - 2.49	12	20	13	22	8	16
2.50 - 2.99	6	11	7	12	4	8
3.00 and over	4	6	5	6	2	3
MEDIAN	$1.44	$1.74	$1.48	$1.80	$1.32	$1.60

*Last regular employment prior to training and at time of last post-training.

only 12 percent earned less than $1.25 an hour after training. Fifty-five percent of the completers had pre-training earnings below $1.50 per hour compared to one-third who had post-training earnings below that level. The preponderance of jobs for which post-training earnings were below $1.25 an hour were in service occupations, particularly nurses' aides and ward attendants, with significant numbers in clerical and sales and agriculture. However, 5 percent of those in skilled categories had post-training earnings below $1.15 an hour with one-fifth earning less than $1.50 an hour. Forty-seven percent of females earned less than $1.50 per hour after training compared to 21 percent of males; while 43 percent of nonwhites and 29 percent of whites were in the same low wage category.[9] One might question the propriety of training for jobs with such low earnings and, in fact, the administrative decision has been made not to train for jobs paying less than the federal minimum wage. However, there is no assurance that follow-up studies of employed trainees will not find them working at lower wages than expected.

In spite of the fact that many are left with low earnings after training, the median earnings for both whites and nonwhites were 21 percent higher after training, a greater increase than could have been expected from the normal upward movements of wages, considering that the intervening training period averaged little more than half a year. Those with higher pre-training earnings probably also had higher post-training earnings than would have been the case in the absence of training. Data from the Labor Department-NORC controlled study show that the average weekly earnings of the completers, which had been 9 percent below those of the controls in pre-training employment, increased after training to about the same level as those of the employed controls. The study also corroborated the pattern of greater increases for the lower wages.

Although its contribution to the overall reduction of poverty is small, MDT has made a significant contribution to the income of its poor enrollees. To have helped between 175,000 and 225,000 low income persons in a period of more than 4 years, half of whom were probably heads of families, to raise their incomes from just below the poverty line to a little above it is gratifying, particularly when compared with the experiences of other programs. However, the dent made in the problems of the 9 million poor families is hardly noticeable.

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[9] Mangum, "Manpower Programs in the Antipoverty Effort," *op. cit.*, p. 319.

Labor Shortages and Inflation

Since training people does not in itself create jobs, MDT could not be expected to have a significant impact on general levels of unemployment. It could, however, play a significant role in a full employment policy by reducing the inflationary consequences of any given level of employment and unemployment. Postwar unemployment levels in the United States have been compared frequently and unfavorably with those of Western Europe. However, the comparative cost of the latter in terms of price level increases has been less often noted (Table 11). A simple fact of life to which no one yet has found a solution is the incompatability of high employment and price stability in a relatively free economy. The self interests of those hurt by inflation inevitably conflict

TABLE 11

United States and European
Price Level Changes and Unemployment Rates

	Consumer Price Index		
	1966 Level (1960 — 100)	Change 1965-1966	Unemployment Rate 1966*
United States	109.7	3.1	3.9
France	123.5	3.2	2.4
Germany	118.9	4.0	0.4
Italy	130.1	3.0	4.3
Netherlands	126	7	1.1
Sweden	127	7	1.6
United Kingdom	123.7	4.7	2.3

*Published European rates have been adjusted to more nearly reflect United States definitions of the unemployed.

with the welfare of those who suffer from unemployment. The relative weights of political pressures are such that a balance tends to be struck in the United States at between 4 percent and 5 percent unemployment and around 2 percent annual increases in the price level. In Western European nations, the political balance point has been around 2 percent unemployment and 3 to 4 percent annual price increases, though some of those nations are becoming more inflation conscious.[10]

The consistent inverse relationship between unemployment and price trends is no proof that either is the direct cause or effect of the other. Despite efforts of various interests to fix responsibility on other institutions and deny it themselves, the causes of inflation are highly complex. The U.S. experience of 1966-67 with prices rising most rapidly in those areas of the economy—food and services, particularly medical services—with the least obvious direct causal link to the unemployment level, suggest that, to a great extent, both are dependent variables determined more by other product market and labor market forces.

Manpower Programs and Inflation

Nevertheless, the tightness of labor markets is a significant factor. One rationale for the manpower programs of the 1960's had been that, though they could not create jobs, they could lower the trade-off rates between unemployment and inflation, allowing general demand policies to lower the unemployment rate with less inflationary consequences.[11] Logically, it appeared that training programs could reduce labor shortages which contribute to production bottlenecks and shortage of goods and services. Better recruitment and placement services and relocation assistance could allocate and reallocate the available labor supply more quickly and smoothly. The bottom of the manpower barrel could be made more attractive, reducing employer reluctance and competition for the more desired workers. Those with the greatest competitive handicaps could be either hired directly by public programs or offered subsidies to encourage their employment by private employers, again reducing unemployment roles with less inflationary impact.

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[10] Gordon, Robert Aaron, "Full Employment as a Policy Goal" in Arthur M. Ross (ed.) *Employment Policy and the Labor Market*, University of California Press, Berkeley (1965).

[11] Mangum, Garth L., "The Role of 'Job Creation' Programs" in William G. Bowen and Frederick H. Harbison (eds.), *Unemployment in a Prosperous Economy*, Industrial Relations Section, Princeton University (1965), p. 407.

MDT's potential contribution to such a program would appear to be considerable. Its objective to train unemployed workers to fill available jobs should be a direct link between reducing unemployment and preventing labor shortages. The OJT program could function as a subsidy system to reduce employer reluctance to hire the disadvantaged. However, these are only the conclusions of logic. There is some indication that wages have risen less rapidly at low general levels of unemployment in the past three years than in earlier periods.[12] Prices have not been so restrained, but the fact that unemployment fell so precipitously in the winter of 1965-66 and under an inherently inflationary military impetus without even greater reprisals from the price level suggests that the inflation-unemployment trade-off may have been reduced. Even if this thesis were demonstrable, any contribution from a program which trained 340,000 persons in more than four years could not be measured in a labor market inhabited in 1966 by 85 million workers, more than 10 million of whom experienced some unemployment. Even with the addition of the antipoverty work and training programs as well as MDT, only 290,000 persons were involved year around in 1967 with another 200,000 in summer programs. The total may have made a significant contribution but certainly not a substantial or a measurable one.

The only deliberate policy measures to have really substantial impact on the employment and income of disadvantaged groups, as Table 3 indicates, were the tax cuts of 1964 and 1965 followed by the less deliberate but equally effective Vietnam escalation. Further reductions in the general level of unemployment would have an even greater relative impact because fewer non-disadvantaged would have to be absorbed first. The assumption that training and other manpower programs could be effective in restraining price increases on the way to lower unemployment appears to have widespread support.[13] Political efforts to expand such programs to meaningful size have not followed.

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[12] Perry, George L., "Wages and Guideposts," *American Economic Review*, September 1967.

MDT and Labor Shortages

The Manpower Development and Training program was designed to serve the unemployed, not the labor market. It has trained, not for labor shortage occupations, but for occupations with a "reasonable expectation of employment." The difference is a philosophical one of "ends vs. means", but it has important practical consequences. The primary objective is to facilitate the employment of the unemployed; the filling of skill shortages is secondary. Therefore, the MDTA handbook directs Employment Service personnel to identify not only shortage skills but those where high turnover or retirements or expected expansion will provide job opportunities. The 1966 declaration of intent of the Manpower Administration allocating 35 percent of the MDT effort to the alleviation of skill shortages lists occupations in short supply nationally and suggests, but it does not press for, attention to them in setting up training projects.

The occupations most likely to be critically short of labor are primarily those requiring training time beyond the two-year legislative limits and one-year practical limits of MDT. The new authority to provide refresher training for registered nurses and other "out of touch" professionals is the only significant potential contribution at the professional-technical level. It lacks sufficient experience to assess results.

At the other extreme, occupations such as nurses' aides, hospital orderlies, food service attendants and custodians are constantly in short supply because wages are low or working conditions bad. Turnover in such jobs is high and the demand continuous. It is likely that most of those trained for such occupations could have obtained the jobs without training. The program was probably more important as a recruitment and placement mechanism. Unemployment was reduced though the turnover remained high. Training for such occupations without making some provision for upgrading the job as well as the worker probably restrained to some extent the already weak economic forces pressuring for wage increases.

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[13] *Economic Report of the President,* January 1967, pp. 100-113.

Between, however, are a group of reasonably attractive occupations which, while not in critically short supply, have constant unfilled demands in most communities—machinists, automobile mechanics, welders and stenographers. A few, such as draftsmen and licensed practical nurses, are at higher levels, yet still within MDT's purview. In addition, preapprentice and other entry level training for jobs requiring years of training and experience can be and have been supplied.

The best measure of the extent to which MDT trains for occupations in relatively short supply is probably its relationship to the structure of Employment Service unfilled job orders. Though the latter have been shown to account for only about one-third of the local job vacancies, the occupational distribution of unfilled orders closely resembles actual labor market conditions.[14] As Table 12 shows, the MDT occupational distribution has not correlated well with the distribution of unfilled orders, but enrollments have been so few relative to total demand that surplus trainees have rarely if ever been produced.

The Labor Department credits institutional training with having enrolled in skill shortage occupations 31 percent of its trainees in 1965 and 34 percent in 1966. Comparable OJT proportions are reported as 15 percent and 20 percent, respectively.[15] However, the occupations are those listed in Table 13. It is probably more accurate to say that in training for occupations with a reasonable expectation of employment but within the limits of relatively short training periods and restricted per trainee expenditures, MDT does supply locally demanded but not critically short skills.

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[14] Subcommittee on Economic Statistics of the Joint Economic Committee, *Hearings, Job Vacancy Statistics*, 89th Cong., 2nd Session, 1966, p. 72.

[15] *Manpower Report of the President*, 1967, p. 156.

TABLE 12

Occupational Distribution[1] Institutional MDTA Courses-Employment Service Unfilled Job Orders[2] (Percent Distribution)[3]

Occupation	Unfilled Orders (June 1, 1967)	Estimated MDTA Enrollment (Fiscal Year 1967)
Professional, Managerial and Technical	34	12
Draftsmen	1.3	1.4
Engineering and Scientific Technicians	.4	.2
Programmers	.2	.3
Registered Nurses	1.3	1.8
Other medical service occupations	1.0	5.0
Clerical and Sales	17	21
Secretaries and Stenographers	1.3	4.9
Clerk Typists	1.7	5.0
Clerks-General	.9	3.9
Automatic Data Processing Equipment Operators	.4	.8
Service	15	17
Waiters and Waitresses	1.4	.9
Cooks and Cooks Helpers	.6	3.5
Medical Assistants	.5	7.3
Machine Trades	12	21
Machinists	1.1	1.6
Machine Operators and Helpers and Feeders	.7	5.2
Motor Vehicle Mechanics	.5	6.4
Bench Work	7	6
Radio-TV Repairmen	.1	.8
Tailors and Dressmakers	.4	.4
Structural Workers	8	18
Auto Body Repairmen	.2	2.5
Welders	.4	8.2
Electrical Appliance Repairmen	.1	.7

[1] Based on Third Edition of the Dictionary of Occupational Titles.
[2] USES unfilled openings for 30 days or more.
[3] Percentages do not add to 100 because many occupations are excluded.

TABLE 13

Estimated MDT Enrollment by Major Occupational Group and Selected Occupations*

Cumulative August 1962 — September 1966

Major Occupational Group and Selected Occupations	Trainees Enrolled Number	Trainees Enrolled Percent
Institutional		
Total	443,100	100.0
Technical and Sub-professional	44,300	10.0
Draftsman	9,700	2.2
Nurse, Licensed Practical	21,300	4.8
Clerical and Sales	103,200	23.3
Clerk, General Office	9,700	2.2
Clerk-typist	22,200	5.0
Office Machine Operator	7,100	1.6
Salesperson	8,400	1.9
Stenographer	31,000	7.0
Typist	4,400	1.0
Service	60,700	13.7
Cook, except Private Family	9,700	2.2
Waiter/Waitress	5,300	1.2
Nurse Aide/Orderly	24,800	5.6
Agriculture	16,400	3.7
Skilled	132,000	29.8
Automobile Mechanic	23,500	5.3
Automobile Body Repairman	12,400	2.8
Electronics Mechanic	4,400	1.0
Welder	25,300	5.7
Semiskilled	81,100	18.3
Automobile Service Station Attendant	4,400	1.0
Automobile Service Station Mechanic	5,300	1.2
Machine Operator, General	27,500	6.2
Preapprentice and Other	5,300	1.2
OJT		
Total	105,100	100.0
Technical and Sub-professional	4,500	4.3
Draftsman	1,600	1.5
Clerical and Sales	3,900	3.7
Service	14,800	14.1
Barber	2,000	1.9
Beautician	1,500	1.5
Cook, except Private Family	1,000	1.0
Nurse Aide/Orderly	5,700	5.5
Agriculture	2,100	2.0
Skilled	31,000	29.5
Automobile and other Vehicle Mechanics and Repairmen	1,400	1.3
Bus Driver	1,000	1.0
Carpenter	1,300	1.2
Machinist, Tool and Die Maker	2,200	2.1
Operating Engineer	2,700	2.6
Other Machine Shop and Related Occupations	1,500	1.4
Pipefitter/Plumber	1,400	1.3
Welder	4,300	4.1
Semiskilled		
Machine Operator, General	3,600	3.4
Stitcher, Machine (Boot and Shoe)	1,400	1.3
Subassembler, Aircraft	6,200	5.9
Preapprentice and Other	7,900	7.5

*All occupations representing 1 percent or over of cumulative institutional and OJT enrollments.

Upgrading the Labor Force

Any training effort adds to the total supply of skills available. The contribution of this general upgrading process depends upon the degree to which the skills provided are relevant, durable and transferable to other uses. A major strength of MDT is its direct relevance to short-run labor market expectations. Training is limited to jobs for which there is current demand. In fact a problem has been the tendency of some Employment Service personnel to be too bearish on job openings. An offsetting disadvantage is questionable durability and transferability. Both because of the income needs of the individual and the desire to minimize per trainee costs of the program, the emphasis is on the shortest possible route to an immediate job.

Institutional training is probably broader in skill content than OJT, but generally narrower than regular vocational education preparation for the same occupation. The inclusion of basic education is probably the single most significant upgrading contribution, but the amount has been limited because it lengthens course duration and, therefore, per trainee costs. The 1966 amendments authorized inclusion of communications skills and freed both the latter and basic education from the necessity of attachment to training for specific skills. These ancillary training efforts can now be used to increase the trainee's general employability apart from preparing him for any specific job. However, the individual, not the labor force, is still the focus; and, though significant upgrading of the relatively few members of the labor force involved results, it is a bonus, not a primary objective.

Reorienting Institutions

One of the most important contributions of the Manpower Development and Training program has been an unintended one. Most of MDTA's architects saw it as a weapon against unemployment. A few of those involved in early amendments to the Act saw in it a potentially revolutionary tool to bring the "left-outs" into the mainstream of the economy.[16] Even they apparently recognized only after the fact that the Act was having other more modest but still important revolutionary impacts: (1) the reorientation of the two major public labor market institutions—the Employment Service and the public schools, and (2) some significant modifications in the policies of labor unions and employers.

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[16] Aller, Curtis C., "The Role of Government-Sponsored Training and Retraining Programs" in Bowen and Harbison, *op. cit.*

Impact on the Employment Service

MDT struck the Employment Service in the midst of a reorientation quite different in emphasis from that which characterized its 1963-67 period. With added funds which had become available in 1961, Employment Service activities were being centralized in downtown offices in metropolitan areas. New and refurbished buildings were being provided to escape the "unemployment office" image. Offices were becoming specialized along occupational lines, with particular attention being directed to the rapidly growing white collar fields. Services to employers were emphasized, and placements were the measure of performance. That concern along with staff and budget allocations by minutes per function encouraged concentrating efforts on the easiest to place.

Involvement in training under the Area Redevelopment Act was the first step in another direction, and involvement in various antipoverty efforts has accelerated reorientation toward new objectives. But the most consistent force has been MDT. Traditionally, Employment Service activity ceased, for all practical purposes, upon discovery that the applicant lacked skills to fit the job orders on file. MDT required surveys of the labor market to identify occupations with "reasonable expectations of employment." It required sifting the unemployed for their trainability. It changed the question, "Does he have the skill?" to "Can he acquire the skill?"

As the Youth Employment Act failed in passage and MDT gave greater emphasis to youth, the USES directed the opening of 140 Youth Opportunity Centers throughout the nation. Negro unemployment and training needs put the spotlight on the racial practices of some state Employment Services. Much to the consternation of the professional counseling associations, shortages of employment counselors to handle the new MDT load forced the Employment Service to launch special summer projects for the training of counselors. Dealing with the disadvantaged identified inherent biases in testing techniques. National publicity and pressure for a good MDT placement record encouraged job development activities—active promotion of job opportunities to fit an applicant's abilities and needs, in contrast to passive matching with job orders.

Subsequently, the Employment Service has become involved in recruiting for the Job Corps and Neighborhood Youth Corps, outstationing personnel in poverty program neighborhood centers to serve the poor and in military induction centers to serve selective service rejectees.[17] The change has been slow against considerable inertia and resistance. Yet progress is indicated by the new Human Resource Development emphasis which is designed to change the Employment Service philosophy from a "selecting out" to a "selecting in" agency.[18]

The Impact on Vocational Education

The wrench was even greater for vocational educators. Employment Services are state-run, but fully federally financed and state administrators are accustomed to working within (though often subverting) federal guidelines. The federal participation in vocational education has been limited to the provision of matching grants and the determination of broad occupational groupings within which the funds could be spent. Even the G.I. Bill had merely provided funds to be used at state and school discretion for eligible students. Vocational education enrollments were overwhelmingly in agriculture and home economics with the emphasis on high school students. Ties with the Employment Service were rare. Adult enrollment was almost completely limited to employed workers interested in upgrading their skills. Few areas had a place in vocational education for the school dropout. Segregated facilities in some parts of the country either offered no opportunity to minority groups or limited the occupations to which they had access. Ambitions to improve the image of vocational education often tended toward entrance requirements ruling out those most in need of help.

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[17] Mangum, "Manpower Programs in the Antipoverty Effort," *op. cit.*

[18] Cassell, Frank H., "Management of the U. S. Employment Service," paper presented to a USES staff meeting, Washington, D. C., September 6, 1966 (mimeographed).

MDT, on the other hand, provided full federal financing but insisted on federal project approval. State officials considered the formula budget allocations to be sacrosanct, but federal MDT officials did not hesitate to withdraw uncommitted funds and reallocate them to states exhausting their allocations. Vocational educators complained of the initially excessive paperwork and complex reporting procedures; the federal control was resented; facilities were already overburdened, and MDT required off-hour operation. The General Accounting Office insisted upon eight hour a day operation in contrast to the six more customary in schools. The stop-start, project-by-project process made recruiting and keeping a staff uncertain and difficult. Federal policies interfered with local racial practices.

Many of these problems remain, but accommodations have been made and a workable program has emerged. Employment Service and vocational education personnel have learned to live together and, in many cases, even enjoy it. School principals have discovered a source of materials and equipment which, though primarily for MDT purposes, can often be used for regular courses. Where formerly a school had invested in facilities and equipment and tended to continue a course regardless of need, federal MDT officials have encouraged more flexible facilities and required transfering of equipment around among schools within a state as community need varied. Most important of all, vocational educators have learned to serve effectively and be concerned about the welfare of a population formerly beyond the ken of many. In doing so, institutions and techniques new to vocational education in most areas were also developed and expanded. Among these were the development of multioccupation projects and skill centers and the provision of prevocational and preapprenticeship training and basic education. So far, their use has been limited to MDT projects but, since they are run by vocational educators, there are already indications that many of the practices will eventually find more general adoption.

1. *Multioccupation Projects*. Manpower Development and Training was initially conceived as simply vocational education with subsistence allowance for adult workers. But many new problems emerged almost immediately which required *ad hoc* answers. The small $10 million Area Redevelopment Act retraining program had preceded MDTA by a year and established a pattern for it. Since ARA's primary purpose was to train workers to meet the specific needs of a particular employer as an attraction for location of new industry, the logical approach was a single separate training project for that purpose. Since MDT had as its goal any employment with any employer, eligible unemployed persons could have been simply integrated into existing vocational courses, but the pattern had been set. In addition, appropriate vocational classes in occupations with a reasonable expectation of employment were not available in many communities. Where they were, they were often full to capacity. Enrollment was limited to a once-a-year starting date, and training methods were controlled by the more leisurely patterns of full-time students; the MDT objective was to minimize the training period to get the trainee to earning status as soon as possible. There was also reluctance to include with the regular student body an unemployed adult who was being paid to attend. Individual enrollments were nil at first, though they have grown slowly since (Table 14).

The separate project approach, on the other hand, presented a philosophical dilemma. The potential trainee was being denied a meaningful occupational choice since he had to accept the training course being established on a group basis or remain unemployed. Employment Service personnel attempted to alleviate the problem by filling out "interest cards" on each applicant and advising them of occupations for which training was expected to be offered in the future. But the future offering was usually limited, and the need was for immediate employment. In one internal Labor Department study, 35 percent of the trainees reported they would have preferred training for a different occupation had it been available.

As the emphasis on youth and the disadvantaged became greater, concern increased. The potential trainees lacked work experience and exposure to alternative occupational

TABLE 14

Manpower Development and Training Activities

Number of Trainees Approved for Institutional Training Distributed by Type of Training Facility and Type of Project

Fiscal Year	Total	Single Occupation	Multiple Occupation	Individual Referral	Not Reported
1963					
Total	57,086	56,863	-0-	-0-	223
Public	55,307	55,307	-0-	-0-	
Private	1,556	1,556	-0-	-0-	
1964					
Total	114,461	71,939	41,632	-0-	890
Public	108,653	68,246	40,407	-0-	
Private	4,918	3,693	1,225	-0-	
1965					
Total	168,918	115,612	51,518	1,328	460
Public	159,067	108,576	49,223	1,268	
Private	9,391	7,036	2,295	60	
1966					
Total	150,394	112,430	33,227	3,842	895
Public	141,342	105,428	32,072	3,842	
Private	8,157	7,002	1,155	-0-	
1967*					
Total	66,806	54,781	9,730	2,295	
Public	NOT AVAILABLE AS OF DATE OF REPORT				

*July 1, 1966 to December 31, 1966 only.

possibilities. Their educational backgrounds were often too limited to qualify them for training in the more promising occupations. The answer was found through trial and error in the multioccupational project and the skill center. Starting in 1964, the practice grew of writing a project proposal for several hundred students to be trained in as many as 15 to 20 occupations for which the "reasonable expectation of

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employment'' could be certified. Trainees, mostly youth, entered a prevocational orientation phase of counseling, basic education and brief exposure to a number of occupational offerings. They then settled on an occupational choice, continuing basic education as needed.

School facilities were not generally available for the multioccupational projects, and it was frequently necessary to install equipment in an idle factory or similar site. Projects located at other than school facilities often appeared to be the most successful because of the attitudes of school dropouts and under-educated adults toward their earlier school experiences. The natural evolution was to separate MDT skill centers.

2. *Typical Skill Centers*. The skill center concept was initiated by Office of Education officials whose responsibility it was to contract for facilities and training for trainees selected by the Employment Service. While the Detroit Skill Center was not the first, its development is a typical example.

MDT classes in Detroit got off to an early start in September 1962 using the facilities of a postsecondary vocational school on a 4 p.m. to midnight shift. The Detroit schools were unable to provide facilities for expansion of the program. Vacant garages were rented for auto repair courses; employers were persuaded to rent their establishments for use at night; equipment was purchased and scattered throughout various high schools. One of the most successful courses was a practical nurse program. Demand seemed almost unlimited, but adequate housing for the course was not available. By happenstance, the Detroit schools were purchasing land adjacent to a hospital. Since there was a vacant building on the land, the situation was ideal for establishing a Practical Nurse Training Center in September 1963 just for MDT purposes. By the end of 1963, in addition to the nursing program, there were 22 individual projects scattered around the city, and the very active local Manpower Advisory Committee was recommending that they be consolidated into an urban training center.

A surplus federal building was purchased for $1 and equipped, partly with surplus federal property and partly with equipment either loaned by business firms or purchased with

MDT funds. Many of the scattered programs were consolidated, and others became "satellite programs" supervised by the center staff. Basic education was added including work attitudes and grooming as well as the 3 R's. Outstationed counselors from the State Employment Service were added for counseling, testing and placement.

The Detroit experience was not atypical. In Newark, New Jersey where vocational education was a county responsibility, the schools were not cooperative. Federal officials pressed the state either to take over MDTA responsibilities in Newark or certify they could not provide the training, making way for direct federal contracting. The State of New Jersey stepped in, remodeled a former teacher's college and established the Newark Skill Center under state auspices. In Oakland, California lack of adequate vocational education facilities led to establishment of the Oakland East Bay Skill Center.

By the close of calendar year 1966, some sixty skill centers had been established. Most lacked the size and comprehensiveness of those in Detroit, Newark and Oakland, but all shared the same definition: a centralized facility serving all types of trainees and all types of MDTA projects and providing counseling, prevocational training, basic education and skill training in a wide variety of occupations. As Table 15 indicates, typical skill centers appear to serve a consistently more disadvantaged population than other representative MDT projects in the same communities but outside of skill centers. Data from the same centers show 94 percent of trainees receiving basic education, 12 percent for 150 to 300 hours, 26 percent from 301 to 600 hours and 45 percent for more than 600 hours before and during the skill training phase of their courses.

Most of the instructors were hired from industry but many, including most of the administrative staff, were vocational educators. Freed from many institutional constraints, assigned to serve a particular clientele with related labor market handicaps and with more generous equipment and staffing budgets than most were accustomed to, these vocational educators showed substantial innovative ability. In addition to new curricula and new ways of integrating basic education and skill training, several had developed modular

TABLE 15

Characteristics of Persons Enrolled in Selected Skill Centers Compared to Those of Persons Enrolled in Control Projects in the Same Labor Areas

Number	Total Skill Centers	Total Control Projects	Watts Skill Center	East Los Angeles Skill Center	Los Angeles—Long Beach Labor Area	East Bay Skill Center	San Francisco Oakland Labor Area	Mahoning Valley Vocational School*	Youngstown Labor Area
Total (Number)	3960	8634	451	574	4165	868	1612	425	434
Percent Male	72	36	54	78	30	84	29	100	73
Age									
Under 22	41	25	34	27	26	35	24	100	27
Over 44	9	14	8	9	15	11	19	-	10
Education									
8 or less	24	5	9	7	2	23	4	27	5
9-11	41	30	44	46	29	50	30	34	42
12th or over	35	65	47	47	69	27	66	40	53
Nonwhite	55	40	96	6	34	60	26	26	35
Unemployed	86	69	88	87	62	90	66	93	92
Pretraining Unemployed Period 15 weeks or more	49	47	41	42	53	55	45	32	42
Public Assistance Recipient	16	14	16	18	14	22	18	2	7
Handicapped	9	7	7	6	6	6	6	13	9

*Mahoning Valley Vocational School, Vienna, Ohio.

approaches to training. This allowed acceptance of new trainees as individuals or in groups at frequent intervals during rather than only at the beginning of courses. As other manpower programs have been launched in addition to MDTA, the skill centers have provided a vehicle for cooperation with the Economic Opportunity Act's Adult Basic Education and Work Experience and Training Programs.

One of the MDT skill centers run by vocational educators has become a residential school providing insights into the need for residential facilities and a useful comparison with Job Corps Urban Centers. The Mahoning Valley Vocational

TABLE 15 Continued

Characteristics of Persons Enrolled in Selected Skill Centers Compared to Those of Persons Enrolled in Control Projects in the Same Labor Areas

Number	Syracuse Skill Center	Syracuse Labor Area	Miami Skill Center	Miami Labor Area	Detroit Skill Center	Detroit Labor Area	JFK Skill Center	Philadelphia Labor Area	Chattanooga Skill Center	Chattanooga Labor Area
Total (Number)	502	323	332	248	313	1140	333	487	162	165
Percent Male	66	28	34	34	69	44	76	49	47	41
Age										
Under 22	42	38	16	12	30	20	20	46	89	4
Over 44	13	13	6	26	12	7	16	5	3	28
Education										
8 or less	58	12	13	9	18	5	26	7	32	25
9-11	28	32	36	35	44	32	40	25	42	34
12th or over	14	56	51	56	38	63	34	68	26	41
Nonwhite	45	19	76	26	87	78	92	67	46	36
Unemployed	88	91	69	99	84	61	90	95	54	94
Pretraining Unemployed Period 15 weeks or more	66	25	51	51	44	42	53	50	45	38
Public Assistance Recipient	22	18	15	-	16	13	17	11	4	9
Handicapped	17	13	7	4	6	2	8	12	6	16

School located on a partially deactivated Air Force base at Vienna, Ohio is a completely MDT financed facility serving about 400 boys 16 to 21 years of age from all over Ohio. Since the Manpower Development and Training Act does not provide for residential facilities, the trainees pay for their housing with the $5 per day subsistence allowance. Local charity has had to provide clothing for those who could not provide it. The State Vocational Rehabilitation Agency pays for medical needs. The trainees are encouraged to maintain their family and community ties and to return home on weekends.

Several significant lessons can be drawn from the experience: (1) Despite the frugality enforced by lack of appropriations for residential purposes and the local and Vocational Rehabilitation assistance, costs per student year are $6,500 if calculated on a 52-week basis, and $6,200 if calculated on a 48-week year. This indicates the inevitable costliness of residential programs and lends support to Job Corps expenditure costs. (2) The encouragement of frequent home visits is in contrast to the original Job Corps preference for putting as much distance as possible between the trainee and his supposedly deficient home environment. Whether the practice accounts for the relatively low (35 percent) dropout rate in contrast to the Job Corps experience is speculative.[19] (3) Again, in contrast to an original Job Corps assumption, the education establishment of a reasonably progressive state can serve the disadvantaged if given the specific assignment. (4) There is a need for residential training facilities, whether to serve a scattered population, because of unsatisfactory home circumstances, or simply because some potential trainees have no homes. The Mahoning Valley School has already attracted the interest of the Appalachian Regional Commission and the Vocational Education Advisory Council. Eventually it may serve as a highly useful pilot project for development of residential schools.

The skill centers are faced with growing pains and unresolved issues. The choice between large centers with numerous occupational offerings but with the consequent transportation problems of central location and more limited offerings in neighborhood locations is only one of many. The development has promise as a means of remedying some of the academic and occupational preparation deficiencies of deprived central city environments. The residential approach can extend the same advantages to rural areas. These are also the environments in which vocational education is the poorest.

Thus far the innovations, both in clientele served and training techniques, have been largely limited to MDT projects. However, these are run by vocational educators and operated within the school systems. Though adoption is slow, there are already indications that many of the practices will find more general applications.

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[19] Levitan. *Antipoverty Work and Training Efforts: Goals and Reality, op. cit.*

Impact on Apprenticeship

Apprenticeship as a traditional route to skilled craftsmanship has been increasingly criticized as an obstacle to the employment of minority groups and particularly Negroes. Despite the publicity given overt discrimination, the paucity of total apprenticeship opportunities and inability of applicants to pass objective tests are more formidable barriers. Unions, though many have discriminated in selection and few have been as aggressive as they should have been in assuring equal access, have been the major force pressuring for expansion of apprenticeship opportunities. The larger employers in manufacturing industries have undertaken apprenticeship at their own initiative. Smaller employers are reluctant to undertake the financial and administrative costs. The initial years of apprentice service are generally considered a net loss to the employer as he has no assurance that the apprentice will remain with him during more productive years. Since registered apprenticeships average less than 200,000 and unregistered apprenticeships approximate the same number, no general solution to minority employment problems would be offered by access, but the number still exceeds the total enrollment in manpower programs.

Members of minority groups have little knowledge of the existence of apprentice opportunities and no craftsmen or union officials of their own acquaintance to act as their advocates. The deficiencies of their educational environment preclude their passing increasingly technical entry exams, even when they break through other barriers. The Worker's Defense League in New York City, with the help of MDT funds, demonstrated the effectiveness of aggressive outreach efforts to interest youth who either lacked information about apprenticeship or did not consider it a realistic possibility. In addition to coaching applicants for successful performance in qualifying examinations, WDL has acted as a catalytic agent in winning the support of employers and union leaders and providing a buffer for the latter vis-a-vis some of their less responsive members.[20] The WDL effort is being extended to other cities with continued MDT funding.

It is in this context that a small beginning of considerable potential has been made through preapprentice training under MDT.[21] Manpower Development and Training funds can be used (1) as a subsidy in reducing employer reluctance to undertake apprentice training and (2) as a source of education and training to prepare for apprentice entry. By December 31, 1966, a cumulative total of 48,000 preapprentice training slots had been approved. Little information is available on the results of these projects, but initial indications show promise. Of 1,300 preapprentices enrolled under a contract with the National Tool and Die Association, 98 percent moved on into apprenticeship. With the industry confronted with labor shortages, the net MDT influence may have been small. However, it is reported that as a result of MDT-OJT, 35 percent of the small shops in the association have introduced apprenticeship where they did not have it before. Only 7 percent of the preapprentices were Negro, but this represents progress in a traditionally all-white industry. The number of Negroes who actually became apprentices is unknown, though it has been informally reported that a high proportion dropped out in the preapprentice phase.

The leverage of a 1,000-trainee OJT contract with Chrysler Corporation is reported to have resulted in 551 additional apprentice programs with dealers. The American Hospital Association also reports the inauguration of permanent training programs in hospitals following an initial MDT-OJT experience.

While 17 percent of total preapprentice approvals have been in machinery trades, the best indications of the potential leverage of MDT on apprenticeship practices are provided by the few small projects involving building trade unions. In some cases, cooperation has been excellent, suggesting that ability to qualify was the only obstacle. In other cases where discrimination was evident, the provision of "coaches" as advocates of minority youth has enabled significant numbers to circumvent overt obstacles. For instance, the Chicago Urban League as a preapprentice contractor recruited more than 500 minority youth in the first year of its efforts; 109 were indentured as apprentices in various building trades unions, and 260 were still being coached.[22] The number involved in those and similar preapprentice programs are few. Overt discrimination may ultimately be rooted out by public pressure. High qualification requirements are more difficult to argue against, yet harder to surmount. However, the preapprentice approach, if pursued aggressively, may have a substantial impact on apprentice practices.

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[20] Marshall, Ray, and Vernon M. Briggs, Jr., *The Negro and Apprenticeship*, John Hopkins University Press, Baltimore (1967).

[21] McCauley, John S., "Increasing Apprenticeship Opportunities Through Pre-employment Training," in *Research in Apprenticeship Training*, Center for Studies in Vocational and Technical Education, University of Wisconsin (1967), pp. 113-123.

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[22] McCauley, *op. cit.*

THE COSTS OF MDTA

The financial accounting system of MDTA has been constructed so as to assure that public funds do not become lost, strayed or stolen. However, the system is also structured in such a way as to make the determination of the program's costs in relation to its benefits extraordinarily difficult. Expenditures are authorized for projects which enroll trainees in several succeeding sections. Allowance expenditures are available for each individual, while actual training expenditures are reported only at the completion of the total project. Thus, training expenditures cannot be related to any particular group of trainees. Breakdown of total costs of a completed project into various categories is possible. It is also possible at a project's end to divide its cost by the total number of trainees enrolled at some time during the project. No information is available on costs per training hour for various projects, trainees, occupations and training methods. There is no point in time at which cumulative MDT expenditures can be determined and related to cumulative enrollments, completions and employment experience. Instead, it is necessary to accept per trainee costs of completed projects as typical of the present as well as the past.

The problems are illustrated by the relationship between funding, expenditures, enrollments and completions. To December 31, 1966, slightly more than one billion dollars had been obligated for Manpower Development and Training projects, $890 million for institutional programs, $90 million for OJT and $55 million for coupled programs. This funding authorized training for 838,000 persons, but only 600,000 had enrolled to that date out of whom 337,000 had completed training and 99,000 were still in training. The 164,000 were apparently dropouts, but the 238,000 difference between those enrolled and those for whom projects were funded is a peculiarity of the MDT financial system.

The MDT Financial System

Institutional projects are proposed in most circumstances jointly by state employment services and state boards of vocational education and approved by regional review teams from the Departments of Labor and Health, Education, and Welfare. Funds are obligated for the entire course at that point. The rule is that training should start within 60 days of approval, but longer delays often occur. The project may continue through several sections, the last of which is currently expected to (but often does not) begin within 12 months of approval. Projects are funded on the basis of estimated enrollments and per trainee costs. If either is overestimated or if trainees drop out too late in a course to be replaced, remaining unspent funds can be recaptured and used through the second fiscal year, which again confuses the relationships between funds, expenditures and trainees.

OJT projects are approved nationally by the Bureau of Apprenticeship and Training. However, BAT has neither the staff nor the general availability of a state or local agency such as the Employment Service to contact employers and contract for training. In the few states which have state apprenticeship agencies, OJT contracting is delegated to them. However, as related earlier, the expansion of OJT in the past two years has been accomplished in part by the development of national and community contractors who, after contracting for a certain number of slots with BAT, subcontract those training slots with employers. In 1965, about 55 percent of all contracts were made directly between BAT or state agencies and the employer. The remainder were split almost equally between national and community contractors. At present, the subcontracting route undoubtedly accounts for the majority of slots.

The shortfall between OJT project approval and funding and subsequent enrollments and expenditures appears to be largely the result of over-estimating the number of slots the community contractors could fill. The national contractors as trade associations or large firms themselves have direct contact and leverage with the employers and are less likely to have difficulty meeting their contracted quotas. The community contractors do not have such contacts and, in addition, are usually inexperienced. Some have filled slots far beyond the number authorized by their contracts, but more have fallen short. In addition, BAT personnel have not always had the time to follow up with employers to assure that funded courses begin and continue. In other cases money remains unspent because employers do not bill the agency for the reimbursement authorized by the contract.

The MDT financial system is currently in the throes of a drastic revision. Because of the delays and shortfalls in training, obligated but unspent funds began to accumulate to the extent that Bureau of the Budget and Appropriations Committee attention was attracted, and future budget approvals and appropriations were threatened. The issue came to a head when, in response to the ghetto riots in the summer of 1967, a survey determined how many residents were being served and how many slots were available. No appreciable unobligated funds existed, and there were few available training slots. Yet it was discovered that, as of June 30, 1967, $107 million of fiscal 1966 funds and $232 million of fiscal 1967 appropriations remained unspent.

The money was in no danger of being lost. In fact much of the institutional accumulation appeared to be deliberate policy in several states, designed to circumvent what were, to the states, administrative obstacles in federal regulations. As is discussed further on, the project-by-project federal approval procedure often caused time gaps between projects, resulting in loss of instructors and idling of facilities. The uncertainties of the Congressional appropriations process aggravated the problem. Proposing and winning approval of large multi-occupational projects to be conducted in several subsequent sections guaranteed continuity over a longer period. Also, ceilings had been placed on per trainee costs in various regions to increase the number of trainees possible within given budgets. Equipment purchases were charged as current expenses to the initial projects for which they were purchased, rather than amortized over a number of subsequent projects. Several states also circumvented this obstacle by the multisectioned, multioccupational route. For instance, in California where per trainee costs tend to be high because of high training allowances, a $4,000 per trainee ceiling had been imposed. If equipment were included, a 1,000-trainee project might exceed the limit, while a 4,000-trainee project taught in four sections over which the costs could be spread would not.

Having recognized the magnitude of the accumulation of obligated but unspent funds, federal officials stepped in to end it. Recently drawn regulations will require funding of all projects in the first half of the fiscal year, beginning them all by the end of the third quarter and enrolling the last pupil before the end of the fiscal year. Without special approval, funds obligated but not spent by these dates will be deobligated and reobligated elsewhere. A new reporting system will require monthly notification of slots unfilled and money outstanding. Under those circumstances, cost calculations will be simpler, but reasonable estimates can currently be made.

Cost per Trainee

Estimates of cost per trainee used for authorizing projects tended to be 20 to 30 percent higher than actual costs in the earlier years because of dropouts and because the administrative problems of over-estimating were easier to handle than those of under-estimating. Labor Department financial officers report that estimated costs now appear to be in line with the per trainee costs of completed projects and, therefore, are good approximations of actual costs per enrollment (Table 16). No data are available on costs per completer, but they can be estimated from the fact that 27 percent of all enrollees, 30 percent of institutional enrollees and 17 percent of OJT enrollees, cumulatively, have not completed their training courses. However, in making and interpreting the latter estimate, it should be remembered that uncompleted training may also make a significant contribution to employability.

The costs per trainee for institutional programs have risen over time in part from the general upward trend in

TABLE 16

Estimated Costs per Enrollment and Completion

	Average per Enrollee		Estimated Cost per Completer[1]
	Cumulative to December 31, 1966	FY 1967	Cumulative to December 31, 1966
Total	**$1,230**	**$1,145**	**$1,560**
Institutional	**1,570**	**1,900**	**2,040**
Allowance costs		**1,045**	
Training costs		**770**	
Nonfederal costs		**85[2]**	
OJT[3]	**420**	**380**	**490**
Coupled	**940**	**1,050**	
Allowance cost		**255[4]**	
Training cost		**235[4]**	

[1] Calculated by inflating per enrollee costs by the 27 percent noncompleter rate of the total program and the 30 percent and 17 percent noncompletion rates of the institutional and OJT segments, respectively.

[2] Total state cash contributions divided by total enrollments.

[3] Excludes coupled.

[4] Institutional phase only.

salaries and other costs, but primarily because of more generous training allowances and longer courses. Initially, allowances for adult trainees were limited to the average unemployment compensation payment in the state. In subsequent amendments in 1963, 1965 and 1966, an additional $10 per week plus $5 per week for each of up to four dependents and transportation expenses have raised the allowance ceiling. Thus, the average adult weekly allowance has risen from $35 to $54, excluding the subsistence paid to those training beyond commuting distance. In addition, more liberal eligibility rules increased the proportion of trainees receiving allowances from 60 percent in 1963 to 82 percent in 1966. Allowances were initially one-half of total institutional costs. They are now 60 percent and still rising.

As Table 17 shows, the institutional course has been steadily lengthening. At the same time, hours per week have increased from 1963 when two-thirds of projects involved 30 hours or less per week to the fiscal 1967 situation where 80 percent were scheduled for between 36 and 40 hours of training per week. The primary reason for the increase in weeks was the authorization in 1963 of an additional 20 week allowance authorization to encourage basic education and a tendency to move away from brief courses of little skill content toward more substantial skills. The 1965 amendment allowing training up to 104 weeks to encompass technical skills has never been implemented, primarily because the higher per trainee costs involved would limit the total number of trainees. The added hours per week were enforced by General Accounting Office decisions that those receiving allowances should train a normal workweek rather than the customary school schedules. There have been no significant changes in the occupational mix leading to longer courses, though there has been an effort to limit the number of very short courses for occupations with minor skill content.

Training allowances are paid in OJT projects only for supplementary off-the-job instruction, and these situations

TABLE 17

Manpower Development and Training Activities

Estimated Percent Distribution of Duration of Institutional Training Activity

	Duration of Projects					
	All Projects	Less than 4 weeks	5-17 weeks	18-26 weeks	27-51 weeks	52-72 weeks
Fiscal Year 1963	100.0	6.4	28.0	21.8	43.7	.1
Fiscal Year 1964	100.0	5.2	24.0	24.8	45.3	.7
Fiscal Year 1965	100.0	4.2	28.2	23.1	44.2	.4
Fiscal Year 1966	100.0	2.2	18.7	18.2	52.5	8.4
Fiscal Year 1967*	100.0	1.4	18.0	23.1	53.1	4.4

*Projects approved through December 31, 1966.

are rare outside of coupled programs. Excluding allowances, institutional training costs are twice as high as per trainee expenditures for OJT. However, a number of other factors must be kept in mind. OJT expenditures are reimbursements negotiated with employers ostensibly to cover training costs. In practice, they may be more or less than the actual costs of the training. Therefore, the OJT per trainee expenditures vary by the amount of actual training involved, the nature of the training, the willingness of the employer to pay for the training, the negotiating ability of the OJT administrator and the administrative costs. The occupational structure is different, and the amount of training involved in hours spent on the job may vary widely. The primary factor in the reduction of OJT costs has been an attempt to keep the duration of OJT courses below 26 weeks. Costs of coupled programs are a combination of institutional and OJT costs and vary according to the mix.

The Validity of Training Costs

The validity and appropriateness of training costs are difficult to determine without a detailed project-by-project study. Training allowance eligibility is a non-discretionary matter determined by legislation and administrative guidelines. The increased generosity of allowances came about by experience as groups in need of training but blocked by financial obstacles were identified. Since most are unemployed family heads and the majority are from low income families, the likelihood of need is apparent.

The element of incentive is involved in the youth allowances and the still-to-be initiated provisions for allowances for part-time training of the employed. Many of the youthful trainees could undoubtedly be supported by their families while training, even though the additional income is a welcome boost. However, since the youth are primarily dropouts who probably would not otherwise undertake training, the social benefits of integrating them into the work force have been considered worth the cost.

In the initial period, local vocational educators saw MDT as a way to obtain needed equipment not available through their existing budgets. When it became apparent that equipment costs were likely to become excessive, HEW officials tightened down on training cost approval. As a result, equipment costs as a proportion of training costs fell from 25 percent in the earlier years to 8 percent in fiscal 1967. Rental of equipment was advocated where need was temporary, and transfer of equipment from completed projects to others within the same state was required to reduce duplication of equipment purchase. The development of permanent centralized skill centers also tended to assure adequate amortization of equipment costs. From casual observation, MDT courses appear better equipped than run-of-the-mill vocational courses, but there is no appearance of general excess.

Similarly, HEW officials found it necessary to carefully review teacher-trainee and supervisor-instructor ratios and other aspects of instructional costs. Centralized development of instructional materials might be another cost-saving factor, but few have been developed for lack of federal staff. The ability to contract with private schools whenever the same training can be purchased cheaper than in the public schools provides a useful control.

The more important cost considerations at present involve course content and occupation. The addition of basic education to MDT curricula made possible the training of the functionally illiterate. But it also added approximately $750 to the average cost for those trainees receiving it. Beyond the equipment costs, there is little difference between the costs of basic education and skill training. Similarly, the prevocational orientation provided to assist inexperienced trainees in making occupational choices adds weeks, and each week adds approximately $60 per trainee. Counseling is an expensive item. Individual referral, while also important for isolated areas and assurance of occupational choice, is also more expensive than class size units. Trainees can be provided a minimum entry level skill or provided with more substantial and lengthier training. Congress has been generous in granting administration requests for liberalizing and broadening eligibility and the scope of training and has, in fact, added many liberalizations of its own. However, additional funds have been provided to support none of the innovations. Therefore, as the program's content has been enriched, its enrollment capability has been reduced. Since total funds are limited, the choice is between minimal training for more trainees or a richer offering for fewer. National officials and local employment services have tended to opt for the former. Vocational educators have been more likely to press for the latter. The desirable choice is by no means clear.

The decision to expand OJT was based on both the costs and the placement record. The primary difference in cost between OJT and institutional training is the allowance payment in the latter. However, as already pointed out, the OJT reimbursement may have little relationship to actual training costs or to the number of on-the-job hours spent in actual training. Also, institutional projects average about 30 weeks, whereas OJT projects rarely exceed 26 weeks. National and community OJT contractors are reimbursed a negotiated rate of from $70 to more than $300 per trainee for administrative costs, depending upon whether straight OJT or coupled, and the amount of outreach, job development and other services involved. The cost of coupled projects reflects a marriage of the two training methods with an average of 7 weeks institutional training preceding 24 weeks of OJT.

Institutional costs do not appear to be out of line with vocational education costs in general, and the possibility of competition from private training provides a yardstick for judging appropriateness of costs. The validity of OJT training costs must be determined ultimately by the actual training content and the degree to which more or different training is given that the employer would not have undertaken at his own expense. It also involves facing squarely the question of whether the pay is for training or for the right to influence the employer's hiring choices. Unfortunately, neither the substantive nor the objective questions have been answered by program administrators. BAT personnel are convinced that employers assume most of the OJT costs and that substantial increases in the amount and quality of training results; but no supporting data have been gathered.

Cost-Benefit Analyses of Manpower Development and Training

As near as can be determined, the federal taxpayers had spent some $520 million through December 31, 1966 on the

337,000 who had completed training by that date. The remaining $516 million was allocated to the 99,000 still in training and the 238,000 not yet enrolled for whom training projects had been authorized. The program had made substantial contributions to the welfare of the individuals involved and to the economy. The relationship between the benefits and the costs remains to be determined.

The Manpower Development and Training program has yet to be submitted to an overall cost-benefit study adequate in size, in data and in concept to provide definitive results for the program as a whole. However, the results of the studies which have been made of MDT and related projects and calculations based on total program data have been consistent enough and the margins of benefits over costs sufficiently large to leave little doubt that the program has been a good economic investment. The data on contributions and costs developed in this paper are sufficient to allow a comparison and to corroborate those results.

The cost-benefit studies have been of two types: (1) those which compared the pre-training and post-training employment and earnings of samples of MDT trainees and estimated the time period necessary for their higher earnings and tax payments to pay back the public investment, and (2) those which compared the post-training employment and earnings of those completing training with comparable control groups who were not trained. All of the MDT cost-benefit studies included costs to the trainee and the economy as well as to the taxpayer. One study considered employer costs, though the latter is not necessary to assure that the taxpayer got his money's worth from the federal expenditures.

A study of state-sponsored retraining in Massachusetts concluded that the savings in unemployment compensation alone from the reemployment of the trainee would repay the training costs in a little more than 5 years.[23] Studies of the experiences of another 907 trainees in the same state but under MDT estimated that the public investment of $600,000 in training would return more than $3 million in benefits over the working lifetime of the trainees.[24] A study by the Department of Health, Education, and Welfare based on a sample of 12,700 trainees, but with limited techniques, estimated a return in gross earnings of $2.24 per year for each dollar invested and repayment of training costs in five years from federal income taxes alone.[25]

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[23] New England Business Review, April 1963, reprinted in *The Nation's Manpower Revolution,* Hearings before the Subcommittee on Employment and Manpower of the Senate Committee on Labor and Public Welfare, 88th Congress, 1st Sess., Part 2, pp. 608-27.

Two more careful studies had the advantage of control groups: One of ARA-sponsored training in West Virginia found an average investment of $800 per trainee to bring a social return worth between $4,300 and $16,800, depending upon various assumptions concerning discount rates and relative private vs. social interest.[26] A study of 373 Connecticut workers trained in three occupations under MDTA concluded that the cost-benefit ratio for the average trainee was between three and six and at least eleven for the government.[27]

All of those studies were limited to institutional training. A more recent study has attempted to assess the costs and benefits of the total Title II program based on a sample of 2,000 institutional trainees and 650 from OJT.[28] While the ostensible purpose of the study was to develop and demonstrate methodology, and considerable reservations were expressed concerning available data, the sources were the same as used throughout this paper, and the results merit consideration.

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[24] Page, David A., "Retraining Under the Manpower Development Act: A Cost-Benefit Analysis," Studies of Government Finance, Reprint 86, Brookings Institution, Washington, D.C. (1964).

[25] *Education and Training–Third Annual Report on Training Activities;* U.S. Department of Health, Education, and Welfare (1965).

[26] Somers, Gerald G., and Ernst Stromsdorfer, "A Benefit-Cost Analysis of Manpower Retraining," *Proceedings of the Industrial Relations Research Association,* (December 1964); Cain, Glenn G., and Ernst Stromsdorfer, *An Economic Evaluation of the Government Retraining of the Unemployed in West Virginia, 1965* (mimeographed).

[27] Borus, Michael E., "The Economic Effectiveness of Retraining the Unemployed," *Yale Economic Essays* (1964).

[28] *Cost Effectiveness Analysis of On-the-Job and Institutional Training Courses,* A Report to the Office of Manpower Policy, Evaluation and Research of the U.S. Department of Labor by Planning Research Corporation, Washington, D.C. (June 1967).

Pre-training and post-training employment and earnings experiences were compared. The average net federal benefit-cost ratio, including the direct and indirect benefits to society (exclusive of increased taxes paid) compared to the federal expenditure per trainee was concluded to be 3.28 to 1 for OJT and 1.78 to 1 for institutional training, considering only net additional earnings of the first year after training. Calculations were made for all enrollees, and the gains were taken as support for a working hypothesis that exposure to the labor market information and placement system through the training program was as important as the skills acquired. Using completers only, the ratios were 2.13 to 1 for OJT and 1.09 to 1 for institutional training. These calculations included an element of indirect savings in unemployment compensation, public assistance and other costs of unemployment. The ratios of incremental earnings only to federal training costs were 1.98 to 1 and 1.62 to 1 for OJT trainees and completers, respectively, and 1.07 to 1 and .78 to 1 for institutional trainees and completers. However, since the indirect benefits were significant and the benefits of training were almost certain to continue beyond the single year, it was considered that both forms of training were a desirable federal investment.

The institutional trainees had a more favorable benefit experience, primarily because they experienced more unemployment prior to training, though OJT trainees had higher wages and less unemployment after training. However, the higher institutional costs brought the federal cost-private benefit ratio below OJT. The authors of the study revised this conclusion by assuming that the OJT reimbursement was only one-half the actual cost of the training to the employer. By adding the assumed private training costs to the federal costs, a negative first year cost-benefit ratio was produced for OJT. However, the assumption of additional employer costs was made on the judgment of BAT personnel but in the total absence of supporting data. A more valid assumption would be that, regardless of the extent to which he was reimbursed, the employer must have been getting his money's worth or he would not have spent it. Therefore, any additional private costs were offset by the employer's private benefits and should be ignored in evaluating the social costs and social benefits.

Despite reservations concerning the available data, the evidence gathered for this report leads to similar conclusions. As indicated earlier, 30 percent more institutional trainees apparently worked at least 75 percent of the weeks in the year following training than in the year before. If one-half the gain is attributed to rising economic activity, the results are not inconsistent with the conclusion of the Labor Department-NORC study which suggests that MDTA institutional completers worked approximately 300 hours more in the first year after training than might have been expected in absence of the training. Median wages for all completers were $.20 an hour higher than normal upward wage patterns would have indicated. The resulting average addition to their annual incomes from the increased hours and the increased hourly pay for previous and additional hours would have been about $750.

Assuming these simple calculations to be valid, the first year benefits of the institutional program would have to continue for two additional years to equal the costs of the program. There is no reason to think OJT would not do as well for its previously unemployed trainees. Its impact on the incomes of the already employed upgraders and the extent to which the upgrading brings in others at the bottom remains an uncertainty. However, similar benefits would equal OJT per completer costs in less than a year.

All of the cost-benefit studies were plagued by difficulties of data and concept, most of which have been recognized by the authors. The relevant test is how different results are because of the training program than they would have been without it. Those without control groups leave to speculation the vital question of whether training was the relevant variable which explained the post-training gains. Control groups chosen from those who did not seek training, were not offered training or did not complete training were assumed to be comparable to those from the same population who sought and completed training. The authors recognized the probability, however, that the trainees were more aggressive and likely to be more attractive to employers than were the controls. Samples of trainees in particular locations and occupations are not necessarily typical of the entire program. All of the controlled studies involved only those trained in educational institutions. On-the-job training is lower in cost, but the problem of comparable control groups and the actual contribution and costs of training is more difficult.

The small scale sample studies have the advantage of dependable data but the disadvantage that their representativeness is uncertain. Gross analyses are totally representative but require heroic assumptions to bridge inadequate data. The information on pre- and post-training employment and earnings is of uncertain quality. The data from the post-training, follow-up surveys are a source of uneasiness because of serious underreporting.

With rudimentary data and techniques, all cost-benefit conclusions should be treated with restrained skepticism. No quantitative study can measure the returns from reorienting the Employment Service or vocational education. Regardless of arithmetic, an increase in the earnings of a white, 35 year old suburban high school graduate does not have the same social value as a similar increase accompanying the involvement in successful employment of a Negro or Mexican-American alienated ghetto resident. The latter may be a good investment, even if the additional earnings never repay the costs. Nevertheless, the consistency of the findings of the studies is reassuring corroboration for earlier judgments. There appears to be little reason for questioning the worthwhileness of the Manpower Development and Training program. Its objectives have been justifiable social goals, and its benefits have exceeded its costs by substantial margins.

The need for better data is axiomatic. More detailed analyses are needed to determine the worth and relative payoff of various aspects of the program. The relative effectiveness of institutional and on-the-job training is still in doubt. The returns to basic education need exploration. The costs and benefits for various trainee groups and from different training occupations, training methods and training institutions may vary. However, for the basic program, the relevant question seems to be only how to increase its at least moderate success.

MDTA ISSUES

Opportunities for improving administrative effectiveness, training techniques and the quality of service to trainees and employers are always present in MDT as in any program. However, four basic issues which have been debated throughout the program's history remain unresolved and encompass the major policy decisions which will determine the program's future: (1) Should the program's objectives emphasize upgrading the labor force or rehabilitating the disadvantaged? (2) What are the relative advantages, and what should be the balance between institutional training and OJT? (3) What should be the relative federal and state roles in policy and operation? (4) Is a permanent program needed, and what should be its nature and size?

Objectives and Priorities

In line with national policy trends which are less accepted at local levels, the Manpower Development and Training program has increasingly emphasized training and jobs for the disadvantaged. Many at the national level and more at the state and local levels complain that MDT is becoming "just another poverty program." They would be happier to concentrate on meeting labor shortages and upgrading the labor force, serving the disadvantaged only as a portion of the total. Their preferences are evident in legislation supporting refresher courses for out-of-the-labor force professionals, part-time upgrading projects for the employed and union-sponsored courses to upgrade skilled workers.

The alternative emphases raise fundamental questions concerning the nature and purpose of the program. MDT has been called a "band-aid" program, and in a favorable sense this is true. Its nature has been remedial: to train or retrain those beyond the reach of the education system, already in or on the fringes of the labor market and in trouble employment-wise. Its emphasis has been the individual and his problems—first the displaced, long-term employed adult, later the school dropout and now the competitively disadvantaged in general—not the needs of the economy.

Both facilitating the employment of the unemployed and upgrading the quality of the labor force are justifiable social goals, but two questions emerge. The first is one of priorities. MDT dollars are limited. Training the disadvantaged upgrades the labor force, but the opposite is not necessarily true. Given the limited budgets available and the human and social costs and benefits involved, the goal of enabling the disadvantaged to share in the progress and prosperity of the economy would seem to merit priority. The second question involves means. Preparing for employment is among the purposes of the educational system and is the specific objective of vocational education. Offerings of the latter include both secondary and post-secondary training and evening courses for employed adults. Institutional MDT training is also a part of vocational education but with two differences, only one of which is essential.

The essential difference is that the manpower development trainee is in the labor market and is in immediate need of and searching for a job and income. The vocational education student is more often preparing for entry or, if already in the labor market, pursuing a longer term goal of upgrading his skills. The symbol of this difference is the MDT training allowance, even though one of six trainees does not receive it for lack of eligibility. Vocational education is supported, but the students are expected to be self-supporting. Most MDT trainees, it is assumed, must have allowances for family and individual support or, in the case of some youthful school dropouts, for motivation. The relevant OJT comparison is with the vocational education cooperative programs in which students spend part of the day being taught in school and part learning on the job. The trainees and students differ in that the latter are still in school with earning secondary to learning, while the OJT enrollees are full-time labor force participants with immediate and primary financial pressures.

The nonessential difference between MDT and vocational education is the willingness and the developing ability of the former to serve those who previously have been too often ignored. Under MDT, vocational educators, given the assignment, have effectively served those with deficient educational preparation and developed new remedial tools for doing so. The 1963 Vocational Education Act directed vocational education to move in this direction but provided neither "carrots" nor "sticks" to bring it about. As vocational education assumes its proper role, MDT can and should be limited to remedial efforts in behalf of those in the labor market who need special assistance to negotiate its perils.

Such a decision would help resolve troublesome issues concerning the content of training. Many, particularly vocational educators, have criticized the MDT program for the narrowness and brevity of its courses and its attachment to present rather than future labor market demands. They aver that the training may be only for further displacement in the future. A related charge is that the anxiety to return the trainee to employment encourages training for low-skilled, low-paid, high turnover jobs for which training is not actually required by the job content though it may be to provide access for the trainees involved. The latter criticism has often been justified in fact, but it is not a necessary corollary of training for immediate employment. Training should be for the best job available, given the potential of the trainees; but the nature of the program requires that it lead directly to a job. Recent amendments make possible basic education and other training to increase employability, separate from training for specific skills; but this, too, should be directly and immediately job-oriented.

The admonition that the MDT program should continue as a remedial program does not answer the question of how far down the ladder of those in need of help it should attempt to reach. The more disadvantaged the trainee, the greater the expense may be, particularly because of the heavy increment of basic education required. Post-training employment and earning records will be less favorable the more disadvantaged the trainee, limiting the program's demonstrable accomplishments. The choice may have political as well as economic and social consequences. MDTA's "honeymoon" with Congress which has given its administrators almost any authority (though not necessarily funds) they requested has been in large part a product of its conservative stance. A program to assist the adjustment of responsible family heads, deprived of their jobs and skills through no fault of their own by measures which can be demonstrated to pay for themselves from added tax yields is likely to meet criticism only if most maladroitly administered. A program which undertakes the revolutionary role of bringing "in" the "left-outs" is less likely to achieve widespread political support.

Yet the task is a necessary one. In the long run, programs to upgrade the labor force and improve the workings of the labor market will pay economic dividends. For the present, however, American society itself is threatened by the division between the prosperous many and the disadvantaged few. MDT has not been a program for those who were largely alienated from society. It has been effective for those motivated and willing to learn and work but lacking in skills and opportunity. The program has done reasonably well by minority groups, the more-than-elementary but less-than-high school educated youth, and the better-prepared poor.

It has yet to serve adequately those with 8 grades or less of education, older workers and the rural unemployed and under-employed, and it has yet to penetrate the ghetto to any substantial degree. The first involved both teaching techniques and employer acceptance. Reasons for the underrepresentation of older workers is not readily apparent but needs attention. Rural underrepresentation is due to the lack of training facilities, the lack of job opportunities and the absence of effective rural employment services. In some cases effective assistance for rural residents may involve relocation. In others it may require only more aggressive recruitment and payment of subsistence during training followed by a job within commuting distance. Skill centers offer an approach to the problems of the ghetto but face problems of technique, image and the immobility which often makes a few miles an impenetrable barrier. Whatever is required will be more expensive and will produce fewer trainees per dollar. It may also involve reallocating jobs which would have otherwise been filled by the less-disadvantaged, but achievement of the objective is of the highest priority and worth the cost.

Institutional vs. OJT

The second issue is a technical rather than a political one. What is the most efficient training method for whom and for what occupations? Institutional training at its best offers a controlled situation for imparting knowledge in a consistent and coherent sequence selected by the instructor. It is best suited to broader concepts and more general skills. But institutional offerings are often narrowly constructed to meet a particular employer's demand. After training a job still has to be found. On-the-job training provides a job and income during training and the likelihood of retention by the employer after training. It saves duplication of the employer's equipment and reduces the problem of recruiting instructors. It occurs within the atmosphere and discipline of the workplace which cannot be duplicated in the classroom. The disadvantaged trainee may have already failed in the latter and be more willing to learn in the former.

However, the employer is more likely to hire the trainee by pre-training rather than post-training abilities and is usually uninterested in a breadth of training beyond his own immediate needs. Recruitment and training of employees is a normal cost of doing business, and it is difficult to justify subsidizing employers' training costs unless it constitutes either reimbursement or pay for providing a social service. One such service is to train and employ those whom employers would otherwise reject. Contributing to improvements in the quality of the labor force is also a social service but one of lower current priority than employing the disadvantaged. To train those the employer would have trained anyway, or underwriting training no broader than that which the employer would have provided to meet his own needs makes no net addition to the welfare of society.

Institutional training may also provide training no broader than the employer would pay for, but at least it attempts to meet the needs of employers in general, rather than those of a particular employer. It may be unfair to assume broader content from institutional training, but the burden of proof is on OJT to demonstrate that it results in a worthwhile addition to what would have occurred in its absence. Considering the great pressure to fill slots and expand the program during 1966 and 1967, it is not surprising that a less disadvantaged group was recruited. More orderly expansion and greater care should assure that primarily the disadvantaged are served. The argument for upgrading employed workers to open up entry level jobs to those who would otherwise be left out is valid, but only if administrative measures are introduced to assure that it happens.

Given justifiable objectives for the program, both training methods have their advantages and disadvantages. Coupling is a logical approach, but the administrative problems have imposed serious obstacles. Incorporation of basic education during the working day as part of OJT is an alternative approach currently under experimentation. The choice between training methods should be based upon particular circumstances, but those making the decisions are not neutral between the alternatives. With joint decisions of Employment Service, Vocational Education and Apprenticeship and Training personnel involved, the issue has been determined by an arbitrary division of funds and authorizations at the national level.

The low per-trainee cost and high post-training employment rates won a unilateral Labor Department decision for expansion of OJT. HEW officials argue that the decision left idle capacity in skill centers and other facilities which could have provided training of more lasting worth. A survey of 108 MDT institutional facilities found their fiscal 1967 average enrollment to have been 32,000 compared to an October 1967 capacity of 67,000—a utilization rate of 48 percent. Part of the shortfall was due to failure of employment services to recruit enough trainees to bring projects to their authorized strength; a more important reason was the difficulty of replacing dropouts as a project continued past the initial stages. But the major obstacle was insufficient state budget allocations to fund projects for which there were both potential trainees and capacity. The decision to require all institutional projects to begin within the fiscal year for which the funds were appropriated will revise this situation, but only in the short run. Enrollments which might have been spread over two years will now have to be compressed into one year. A positive result may be pressure to spread projects around states to relieve overstrained facilities, thus reaching rural and other areas which have received relatively little MDT attention. Once the change in scheduling has been accomplished, the undercapacity utilization will return.

Bureau of Apprenticeship and Training officials counter the HEW complaint with the fact that only about 15 percent of the MDT funds are allocated to OJT with the remainder going either to institutional projects or the institutional portions of coupled projects. Without the OJT expansion, they correctly argue, it would be impossible to authorize training for the planned 250,000 trainees per year within the existing budget.

Only longitudinal studies over an extended period will determine the relative long-term advantages of the institutional, OJT and coupled approaches. The choice between quantity and quality (if that proves to be the real choice) will remain a value judgment.

The Relative Federal-State Role in Program Administration

The federal-state role will be a simmering issue as long as MDT is considered an emergency program. Controversy will increase as the permanence of the program is recognized. MDT falls squarely between the vocational education pattern of federal grants-in-aid to states almost totally unfettered by guidelines, and the Economic Opportunity Act approach which bypasses states and often local governments to deal directly with a variety of *ad hoc* organizations on a contractual basis. The resistance to national decision-making was initially high but has quieted with experience. State and local officials have their own ideas and priorities concerning whom to train, by what methods and for which occupations. Using state institutions as project-by-project contractors assures discussion, negotiation and, often, compromise. But federal decisions prevail unless the opposition reaches key members of Congress.

Even with basic policy set unilaterally at the federal level, programs vary state-by-state in enrollees, occupations, completions and employment experience. Examples are 1966 nonwhite and less than high school enrollments which, as shown in Table 7, vary much more widely than demographic characteristics would justify. Costs vary from $670 per trainee in

Connecticut to $1,920 per trainee in Wyoming, largely but not entirely because of differences in subsistence and allowance costs. Post-training employment at last contact has varied from 38 percent in Delaware to 83 percent in South Dakota. No simple explanation such as levels of economic activity and employment rates can explain the differences since some areas such as Puerto Rico with high general unemployment had low unemployment among MDT completers and vice versa. Interest also varies with 26 states in 1966 using less than their allocations which were withdrawn and reallocated to more aggressive states (Table 18).

Most federal officials argue for strong federal control of policy, fearing that state and local officials may be too susceptible to political pressures. However, those same pressures can be elevated by interested congressmen to the national level. Federal officials have no monopoly on wisdom, though they often face wider horizons. They are also not immune to political influence, approving programs proposed by cronies or being "boxed in" to continuing a less than successful program because a President made promises in a speech following a superficial tour.

Some Labor Department administrators see in vocational education patterns "horrible examples" of what they fear would happen to MDT if states were given too much discretion. They may not be sufficiently aware that the Smith-Hughes and George-Barden Acts required that the federal funds be spent within the specified categories which tied much of the vocational education effort to declining occupational sectors. However, some of the local vocational educators who objected most vociferously at first, now admit the tendency for the existence of instructors, equipment and courses to lead to continuance of those courses, regardless of need. They agree that the MDT project review process tends to increase responsiveness to labor market developments. On the other hand, they also point out a tendency for the program to settle down to training for occupations in almost continuous demand. At the same time, the costs of national decision-making and federal project-by-project review are often non-recognition of local differences, heavy involvement of federal personnel in project administration and difficulties in maintaining continuity of employment of local personnel and facilities.

TABLE 18

Project Funding Approvals as a Percent of Amount Available in Accordance with Apportionment

State or Possession	Fiscal Year 1963	 1964	 1965	 1966	 1967[1]
Total	99	141[2]	87[3]	99	55
Alabama	74	325	65	121	70
Alaska	234	1,176	103	70	57
Arizona	162	185	171	142	46
Arkansas	100	67	45	88	67
California	84	84	87	90	59
Colorado	127	114	146	103	54
Connecticut	90	150	83	115	36
Delaware	15	232	62	105	58
District of Columbia	236	452	233	165	138
Florida	53	108	77	115	66
Georgia	54	262	49	112	44
Guam	---	---	233	218	50
Hawaii	102	36	112	87	20
Idaho	89	39	30	88	56
Illinois	163	195	144	94	83
Indiana	85	175	92	96	24
Iowa	127	145	84	95	80
Kansas	165	152	127	97	61
Kentucky	225	630	63	102	40
Louisiana	---	11	66	127	45
Maine	118	294	125	167	66
Maryland	56	67	52	69	48
Massachusetts	119	159	77	94	40
Michigan	116	138	142	103	70
Minnesota	112	44	156	98	50
Mississippi	23	303	50	194	37
Missouri	202	154	123	90	30
Montana	130	284	90	79	72
Nebraska	117	226	117	94	59
Nevada	316	979	152	124	54
New Hampshire	97	316	141	101	71
New Jersey	83	46	65	108	40
New Mexico	89	188	71	75	48
New York	96	100	90	95	60
North Carolina	83	59	70	105	40
North Dakota	332	139	154	109	65
Ohio	60	102	64	105	51
Oklahoma	123	198	20	81	59
Oregon	126	144	75	78	63
Pennsylvania	88	80	61	98	63
Puerto Rico	162	342	94	98	23
Rhode Island	126	112	78	107	57
South Carolina	39	531	73	100	50
South Dakota	145	102	113	97	69
Tennessee	97	229	116	114	78
Texas	68	88	36	103	61
Utah	112	89	127	105	34
Vermont	299	453	184	111	58
Virginia	109	172	50	93	49
Virgin Islands	---	455	146	125	73
Washington	82	64	89	89	24
West Virginia	72	406	61	99	56
Wisconsin	95	50	69	90	64
Wyoming	194	116	87	117	69

[1] Percent computation is based on fiscal year 1967 commitments as of December 31, 1966.

[2] Represents percent total fiscal year 1964 program commitment is to fiscal year 1964 appropriation. Allowance payments made subsequent to June 30, 1964, were required to be charged to fiscal year 1965 appropriation. MDTA Amendments of April 1965 permitted total allowance costs to be committed at time of project approval.

[3] Represents percent total fiscal year 1966 program commitment to fiscal year 1965 appropriation. Balance of fiscal year 1965 appropriation required to finance allowance costs for fiscal year 1964 program paid July 1, 1964, or thereafter.

The development of skill centers raises the issue to a new level of intensity. *Ad hoc* contracts with regular public or private schools might be resented by state and local educators, but little obligation was involved. Establishment of totally MDT financed institutions implies continued support. Instructors have thus far been willing to work on an hourly basis without fringe benefits or tenure, but there appears to be a rising concern among them for employment security. State vocational educators found some relief from uncertainty by funding projects over extended time periods, but with several sections of trainees. This device has now run afoul of Bureau of the Budget and Congressional pressure for current fiscal year spending, as previously noted. Even with the extended multisection approach, the out-of-phase federal budgeting process, as well as occasional project review delays, still cause time gaps to occur at project expiration. Federal personnel have demonstrated their ability to stay abreast of the current workload but at the expense of neglecting monitoring and evaluation activities. Expansion of the program would put further strain on federal administrative capability.

The OJT program adds more complex dimensions. Since the BAT has no corresponding state agency in charge of OJT training, state officials tend to prefer institutional training and resent federal directives fixing the relative institutional-OJT allocations. A number of states which use all their allotted institutional funds and more, consistently turn back unused OJT funds. The national OJT contractors, though not bound by state lines, fund their training "slots" from state allocations but often without contacting state agencies. All OJT national and community contracts as well as all other OJT contracts in excess of $500,000 are approved at the national level. To leave OJT promotion to state personnel might expand its use among small intra-state firms but would probably limit it among the large national firms who control the most and often the best jobs.

The developing Cooperative Area Manpower Planning System (CAMPS) may provide an answer to the appropriate federal-state relationship. State plans were requested of all states for fiscal 1967 to increase the coherence of MDT planning. For fiscal 1968, eight other federal agencies joined together in an attempt to bring about comprehensive planning of all manpower programs at the local and state levels. The early experience is promising. State and local commitment to the concept has been surprising, though it is threatened by two subsequent developments. Many look upon Labor Department funding of the Concentrated Employment Program and other special programs outside of the CAMPS mechanism as a breach of faith. In addition, state MDT program administrators feel they are supplying the leverage and acting as policemen for the entire system. They complain that they cannot get funds until the area, state and regional CAMPS documents are completed and approved, while other programs continue to receive money from their parent federal agencies even though they may be the truant responsible for holding up formulation of the entire state plan.

If the CAMPS program fails, it appears at this time that the fault will be federal. Assuming the system works and survives, it may provide the federal machinery as well as the authority to establish guidelines, approve annual plans and monitor and evaluate results which can become a workable substitute for federal project-by-project approval.

The current reservation of 20 percent of total funds for national approval outside of state apportionments provides federal administrators discretion to contract directly with public or private schools in a state which refuses to follow federal guidelines. The use of the smaller 15 percent unapportioned account in fiscal 1967 indicates its potency (see Table 19). The experimental and demonstration expenditures were in addition to the earmarked E&D funds of the Act's Title I. The health occupation expenditures were at the specific direction of the White House. Three quarters of a million dollars was spent in training support for Neighborhood Youth Corps projects. Concentrations of minority populations often seemed, from the national viewpoint, to merit higher priority than general distribution of state allocations would allow. The $1 million to private schools was a single contract to a national association of private business schools to circumvent reluctance of public schools to provide integrated classes in a number of states. The critical occupation category was a response to heavy employer pressures in labor short areas. The final category was a straightforward supplementation for states which had exhausted their apportionment. The states

TABLE 19

Use of Fiscal 1967 Unapportioned Account

	Millions
Experimental and Demonstration related Institution and On-The-Job Training	$14.9
Health Occupations	12.1
Training in support of the Neighborhood Youth Corps	.7
Special Groups (Urban and Rural disadvantaged - Indians - Spanish Speaking - Migrant Worker - etc.)	7.2
National Individual Referral to Private Schools for Institutional Training	1.0
Critical Occupations and Upgrading	2.6
Concentrated Employment Program	2.5
Supplementary to State Plans and State Apportionments	7.0
Total	$48.0

tend to resent the reservation of 20 percent of the limited MDT budget to federal discretion and the implication of superior wisdom suggested. In many cases, federal acquiescence to political pressure is clear, as is the ability to fund premature as well as carefully thought out special programs. However, the potential for enforcing national policy is also readily demonstrated.

The right to recall unobligated state allocations into a national pool during the last half of the fiscal year prevents loss of funds from the failure of unaggressive states to train to the limits of their allocation. A reporting procedure allowing month-to-month monitoring of project status, enrollee characteristics and employment experience will facilitate program monitoring without detailed direct involvement.

Key Labor Department officials remain concerned that a larger state decision-making role may reduce the program's flexibility. State officials seek more discretion and Health, Education, and Welfare officials are more inclined to give it to them. A 1965 amendment gave the states authority to approve projects costing less than $75,000. But with the trend to larger projects, the significance of that authority is declining. On the other hand, few states have chosen to use the funds set aside for state approval.

A useful experimental compromise would be a change in budgetary allocation formulas suggested by the Division of Manpower, Development and Training in the Office of Education. The primary concern is what is seen as an inherent bias in the program against small non-industrial states, since the current formula is based in part upon labor force participation and covered employment. The proposal is to give each state a basic allocation of $1 million to use without federal project approval but within federal guidelines. This would materially increase the total training budgets of 12 states without significantly affecting the funds available to others. At the same time, it would provide experience with state approval of local projects without removal of federal review over the majority of projects. There is nothing magic about the million dollar figure, but the proposal appears to be a desirable step in the direction of reducing federal involvement in administrative detail without reducing its primary responsibility for overall policy.

The Future of MDT

Given the proven success of the Manpower Development and Training program, it is somewhat surprising that it has not expanded more rapidly. The authorizing committees in Congress have given what was asked of them, and the appropriations committees have not been niggardly (Table 20). However, the program's content has been expanded time after time without a corresponding increase in budgets to support the added services. The major constraint has come from the Budget Bureau, partly in its attempt to hold down total spending, but even more because of doubts about the program's value and awareness of the accumulation of unspent funds in state hands. At the same time, Labor Department administrators have not pushed aggressively for increased funds, in part because an enlarged program would require change in the relative federal-state roles.

The feeling at the state and local level seems to be almost universal that the amount of manpower training could be substantially increased with considerable profit. Some state directors even advocate manifold expansion, claiming both the need and the facilities to be at hand. Many state and local

TABLE 20

MDTA Funding and Activity

All Titles	Fiscal Year 1963	1964	1965	1966	1967
Legislative Authorization	$100,000,000	$165,000,000	$411,000,000	$454,000,000	--
Total Appropriation (Including supplemental)	70,147,250	130,000,000	396,906,000	434,990,800	$421,041,000
Total Obligated	70,025,996	129,310,021	394,639,618	434,514,675	420,265,960
Funds Returned to Treasury	121,254	689,979	2,266,382	476,125	
Title II					
Total Allocation	57,500,000	109,000,000	347,883,727	365,157,500	347,000,000
Total Obligated	57,389,397[1]	108,552,474[2]	345,746,573[3]	364,981,830	346,710,232

[1] Includes $2,922,778 for 18 Experimental and Demonstration Projects.
[2] Includes $6,067,563 for 45 Experimental and Demonstration Projects.
[3] Includes $15,445,154 for 94 Experimental and Demonstration Projects and $1,298,832 for 17 Mobility Projects.

officials express concern with the current 1969 expiration date of MDT and advocate either early extension or endorsement of a permanent program to allow and encourage long-range planning.

Vocational education and other occupational training capability is being expanded to better meet the skill development needs of in-school youth and employed adults. Nevertheless, in an atmosphere of rising educational attainment and increased sophistication, there will remain those who need remedial education and training directly related to current labor market demands, and for whom such training will be possible only with the provision of allowances or on the job with wage income.

The funds available for training under Title II of MDTA could well be doubled within the capability of the present administrative system. Skill center facilities established with MDT funds are currently underutilized with eligible trainees available. The OJT program can also expand with appropriate administrative controls to see that the added slots go to disadvantaged persons the employers would not otherwise hire. Improvements could be made in the use of current funds. But the expenditures have been and should continue to be profitable public investments.

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10